

galaxy

ENTERTAINMENT CORPORATION LIMITED

**ANNUAL  
REPORT  
2011-2012**

# Annual Report 2011 - 2012



ENTERTAINMENT CORPORATION LIMITED

## CONTENTS

Notice	3
Directors' Report	6
Corporate Governance Report	9
Certificate on Corporate Governance	19
Management Discussion and Analysis Report	20
Auditors' Report	22
Annexure to the Auditors' Report	23
Annual Accounts	25
Cash Flow Statement	27
Significant Accounting Policies and Notes to the Financial Statements	28
Statement Pursuant to Section 212 of the Companies Act, 1956	44
Galaxy Rain Restaurants Private Limited (Subsidiary Company)	
Directors' Report	45
Auditors' Report	47
Annual Accounts	48
Cash Flow Statement	50
Significant Accounting Policies and Notes to the Financial Statements	51
Rain Fruits & More Private Limited (Subsidiary Company)	
Directors' Report	55
Auditors' Report	61
Annual Accounts	64
Cash Flow Statement	66
Significant Accounting Policies and Notes to the Financial Statements	67
Consolidated Annual Report	
Auditors' Report	74
Annual Accounts	75
Cash Flow Statement	77
Significant Accounting Policies and Notes to the Financial Statements	78

**BOARD OF DIRECTORS**

Mr. Atul Ruia  
Mr. Rajneesh Agarwal  
Mr. Shishir Baijal  
Mr. Ashok Ruia  
Mr. Ajay Kejriwal  
Ms. Udita Jhunjunwala  
Mr. Sunil Biyani

**AUDITORS**

Haribhakti & Co.  
Chartered Accountants

**BANKERS**

HDFC Bank Limited  
AXIS Bank  
State Bank of India

**REGISTRAR AND SHARE TRANSFER AGENTS**

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

**REGISTERED OFFICE**

110-111, B-Wing,  
Shah & Nahar Industrial Estate,  
L. P. Marg, Dr. E. Moses Road,  
Worli, Mumbai 400 018  
Tel. : (022) 6611 4141

NOTICE IS HEREBY GIVEN THAT the 30<sup>th</sup> Annual General Meeting of Galaxy Entertainment Corporation Limited will be held on Friday, 28th day of September 2012 at 11.30 A.M. at Kohinoor Hall, 3<sup>rd</sup> floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Sawarkar Marg, Prabhadevi, Mumbai-400025 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2012 and Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Ruia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Udit Jhunjhunwala who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

**By order of the Board**

Place: Mumbai  
Dated: May 29, 2012

**Sunil Biyani**  
Director

**REGISTERED OFFICE:**

110/111, B -Wing ,  
Shah & Nahar Industrial Estate,  
L.P. Marg, off. Dr. E Moses Road,  
Worli, Mumbai - 400018

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty-eight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 26th September 2012 to Friday, 28th September 2012 (both days inclusive).
4. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders are requested to bring the same along with them.
5. Members are requested to send all communications relating to shares to our Registrar & Share Transfer Agent (R & T Agent) at the following address:

**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: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

6. Members are requested to send their queries with regard to the Accounts at least seven days in advance to the Registered Office of the Company.

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

**(1) Mr. Ashok Ruia**

Mr. Ashok Ruia, aged 64 years is having vast experience in setting up, running, maintaining, letting out Shopping Centers, Shopping arcades, family entertainment Centers etc. He is the Managing Director of The Phoenix Mills Limited, a Company which pioneered in the infrastructure revolution in Mumbai by developing High Street Phoenix area in Lower Parel.

Mr. Ashok Ruia is also a director in following companies:

**(A) Public Limited Companies**

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	The Phoenix Mills Limited	3.	Bellona Finvest Limited
2.	Kishco Limited		

**(B) Private Limited Companies**

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Ruia Realtors Private Limited	2	Enhance Holding Private Limited
3	Phoenix Retail Private Limited	4	Thana Properties Private Limited
5	Radhakrishna Ramnarain Private Limited	6	R.R. Hosiery Private Limited
7.	Padmashil Hospitality & Leisures Private Limited	8	Excelsior Hotels Private Limited
9.	Ashok Apparels Private Limited	10	Phoenix Hospitality Company Private Limited
11.	Senior Holding Private Limited	12	Ruia International Holding Co. Pvt Ltd
13	Plutocrat assets and Capital Management Private Limited	14	Destiny Hospitality Services Private Limited
15	Ruia Beach Resort Private Limited	16	Phlox Developers Private Limited
17	Superior Developers Private Limited	18	Caravan Realty Private Limited
19	Vigilant Developers Private Limited	20	Ashbee Investment & Finance Private Limited
21	Simplex Hotels Private Limited	22	Allied Hotels Private Limited
23	Ruia Knowledge Foundation Private Limited	24	Oracle Hotels Private Limited
25	Winston Hotels Private Limited		

Mr. Ashok Ruia holds membership in Audit committee and Shareholders Grievance Committee in The Phoenix Mills Limited.

**(2) Ms. Udita Jhunjunwala**

Ms. Udita Jhunjunwala, aged 42 years has done her Masters from the University of London, Ms Udita Jhunjunwala is a well established entertainment writer and film critic. From MTV India, she moved into journalism in 1998. After serving as Mid Day newspaper's entertainment editor, where she established herself as a prominent writer and critic, covering Bollywood, Hollywood, regional and world cinema, television, fashion, theatre, music, art and lifestyle, she moved to Hindustan Times a national daily's Mumbai based edition as entertainment editor and film critic.

Currently an entertainment writer, communications consultant and author, Udit Jhunjhunwala has been writing on topics as diverse as travel, fashion, lifestyle, cinema, health and fitness for Vogue (India), Harper's Bazaar (India), Vanity Fair, GQ, The Observer, London, Time Out Dubai, Screen International, L'Officiel, Man's World, Men's Health, Mint, Hindustan Times, DNA, New Indian Express, People and CNNgo.com. Her corporate clients have include RRO, Market City Resources and the Murjani Group.

Ms. Udit Jhunjhunwala has worked on documentary features for Dutch TV, BBC UK and Little Bird. She has co-authored India Book House highly successful Mumbai Diary 2006 on 'Bollywood and Bombay', and is one of the featured authors in a series titled 'Women In Indian Film' (published by Zubaan Books).

Ms. Udit does not hold Directorships in any other Companies. Ms. Udit does not hold any shares in the Company as on 31st March 2012.

## The Members

The Directors of Galaxy Entertainment Corporation Limited (**GECL**) take pleasure in presenting 30<sup>th</sup> Annual Report on the business and operations of the Company, together with the audited accounts for the year ended March 31, 2012.

## FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year Ended <b>31-03-12</b>	Year Ended 31-03-11
Total Income	<b>1736.52</b>	2805.07
Profit/(Loss) before Depreciation and Tax (PBDT)	<b>(261.78)</b>	(146.89)
Less: Depreciation	<b>542.65</b>	584.25
Profit /(Loss) before Tax	<b>(804.43)</b>	(731.14)
- Provision for Tax :Prior year	-	18.93
Profit/(Loss) after Tax	<b>(804.43)</b>	(750.07)

### Year and Period under review:

During the year under review, the turnover of the company has decreased to Rs.1,736.52 lacs as against Rs.2,805.07 lacs in the corresponding previous year because of gaming business given on hire basis. Losses have been increased before Depreciation and Taxation at Rs.261.78 lacs as against the Loss of Rs.146.89 lacs in the previous year because of provision of Rs.150.30 Lacs for Service tax on Rent. After providing for Depreciation and adjustments for exceptional items, the Company has reported Net loss of Rs.804.43 lacs.

### 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, 2012 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. Ashok Ruia and Ms. Uditia 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.

During the year under review, Mr. Kishore Biyani, Director resigned from the Board of the Company w.e.f. 11/08/2011. The Board wishes to place on record its appreciation for the services rendered by him during his tenure with the Company.

Details of the Directors to be appointed/ re-appointed at the forthcoming Annual General Meeting as required pursuant to clause 49 (vi) (a) of the listing Agreement are given in the notice of the Annual General Meeting.

## **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, 2012 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 are enclosed with the Annual Report and form 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 to 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 Five Non-Executive Directors viz. Mr. Atul Ruia, Mr. Rajneesh Agarwal, Mr. Ajay Kejriwal, Mr. Shishir Bajjal and Ms. Udita Jhunjhunwala. Majority of the members of the Committee are Independent Directors. The Board of Directors has appointed Mr. Rajneesh Agarwal as the Chairman of the Committee.

## **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. 33 and 34, Significant Accounting Policies and Notes to Accounts, forming part of audited financial statements.



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

The particulars of employees under the provision of section 217 (2A) of Companies Act, 1956 are not given as no employees was in receipt of remuneration specified under the said section.

**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.

**Management Discussion & Analysis Report**

The Management Discussion & Analysis Report as required under Clause 49 of the Listing Agreement is presented separately and forms part of this Annual 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.

**For and on behalf of the Board**

Place: Mumbai  
Date: May 29, 2012

**Sunil Biyan**  
Director

**Udita Jhujhunwala**  
Director

**Annexure-A to the Directors Report**

**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

The composition of the Board during the year ended 31st March 2012 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	2	Nil	2
Mr. Rajneesh Agarwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
^ Mr. Kishore Biyani	None	Director	Promoter, Non-Executive; Non-Independent	14	Nil	4
Ms. Udita Jhunjunwala	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Shishir Baijal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Ashok Ruia	Father of Mr. Atul Ruia	Director	Promoter, Non-Executive; Non Independent	3	Nil	2
Mr. Ajay Kejriwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
@Mr. Sunil Biyani	None	Director	Promoter, Non-Executive; Non-Independent	2	Nil	Nil

@ Appointed w.e.f 27/05/2011

^ Resigned w.e.f. 11/08/2011

\* 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. Ashok Ruia and Ms. Udita Jhunjunwala shall retire by rotation at the ensuing Annual General Meeting.

The detailed resume of the aforesaid proposed appointees is given in the notice of Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2011-12, Four Board Meetings were held on 27th May 2011, 11th August 2011, 14th November 2011 and 07th February 2012. The previous Annual General Meeting of the Company was held on 28th September 2011. 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	Nil	No
Mr. Rajneesh Agarwal	02	Yes
Ms. Udit Jhunjhunwala	04	No
Mr. Shishir Baijal	02	No
Mr. Ashok Ruia	Nil	No
Mr. Ajay Kejriwal	Nil	No
*Mr. Sunil Biyani	04	Yes
^Mr. Kishore Biyani	01	No

\*Appointed w.e.f. 27/05/2011

^ Resigned w.e.f. 11/08/2011

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 2011-12. 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 2012, the Committee comprises of Five 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 Mr. Rajneesh Agarwal 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 2011-12, Four Audit Committee Meetings were held on 20th May 2011, 11th August 2011, 14th November 2011 and 07th February 2012. The composition of the Audit Committee during the year ended 31st March 2012 and the number of meetings attended were as under:

Name of the Committee Members	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	02
Mr. Atul Ruia	Member	Nil
Ms. Udit Jhunjhunwala	Member	04
Mr. Ajay Kejriwal	Member	Nil
Mr. Shishir Baijal	Member	02

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, 2012 is as under:

<b>Name of the Committee Members</b>	<b>Designation</b>
Mr. Rajneesh Agarwal	Chairman
Mr. Shishir Baijal	Member
Ms. Uditia Jhunjhunwala	Member

There was no Remuneration Committee Meeting held during the financial year 2011-12.

- 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. The Company does not pay any sitting fees to the directors for attending meetings of Committees other than Board Meeting and Audit Committee. Details of the Sitting fees paid during the year 2011-12 are as under:

<b>Name of the Non-Executive Director</b>	<b>Sitting Fees paid (Rs.)</b>	
	<b>Board Meeting</b>	<b>Audit Committee</b>
Mr. Atul Ruia	-	-
Mr. Rajneesh Agarwal	20,000	10,000
Ms. Uditia Jhunjhunwala	40,000	20,000
Mr. Shishir Baijal	20,000	10,000
Mr. Kishore Biyani	-	-
Mr. Ashok Ruia	-	-
Mr. Ajay Kejriwal	-	-
Mr. Sunil Biyani	40,000	-
<b>Total</b>	<b>1,20,000</b>	<b>40,000</b>

iii) Executive Directors :

There are no Executive Directors appointed in the Company in the year 2011-12.

**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. Rajneesh Agarwal, a Non-Executive Director.

Two Shareholders'/Investors' Grievance Committee Meetings were held on 11th August, 2011 and 14th November, 2011 during the financial year 2011-12. The present composition of the Shareholders / Investors' Grievance Committee and the number of meetings attended were as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	2
*Mr. Kishore Biyani	Member	-
Mr. Atul Ruia	Member	-
Mr. Sunil Biyani	Member	2

\* Resigned w.e.f. 11/08/2011

b) Mr. Prakash Gupta is the Compliance Officer of the Company.

c) During the year 2011-12, the Company has received 2 complaints from shareholders / investors which were resolved satisfactorily by the Committee. 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 complete 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
2008-09	25/09/09	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.
2009-10	15/09/10	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.
2010-11	28/09/11	11:00 A.M.	Mayfair Banquets, Odyssey 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
2008-09	Nil
2009-10	Appointment of Mr. Rohinton Rabady as Manager for a period of 3 years with effect from 1 <sup>st</sup> November 2009.
2010-11	Nil

iii) During the year 2011-12, no special resolutions were passed by Postal Ballot, however the company has passed following 2 Ordinary Resolutions on September 26, 2011 through Postal Ballot:

- a) To increase the borrowing limit of the Company under section 293 (1) (d) of the Companies Act, 1956;

- b) To increase the limit for creation of charges over the Company's assets under Section 293 (1) (a) of the Companies Act, 1956.

The Board of Directors of the Company had its meeting held on 11th August 2011, appointed Mr. Martinho Ferrao, Practicing Company Secretary as the Scrutinizer for conducting postal ballot process in a fair and transparent manner.

The postal ballot process was carried out in fair and transparent manner. The postal ballot forms have been kept under the safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.

All postal ballot forms received up to the close of working hours on Thursday, September 22, 2011 the last date and time fixed by the Company for receipt of the forms had been considered.

The result of the postal ballot were announced on 26th September, 2011 at the Registered Office of the Company as per the Scrutinizer's Report as under :

Particulars	Results			
	Resolution No.1		Resolution No.2	
	No. of Postal ballot	No. of votes exercised	No. of Postal ballot	No. of votes exercised
Total no. of postal ballot received	96	67,46,119	96	67,46,119
Less: Invalid postal ballot	3	300	4	1,550
<b>Valid postal ballot</b>	<b>93</b>	<b>67,45,819</b>	<b>92</b>	<b>67,44,569</b>
a) Votes in Favour	83	67,42,249	82	67,40,944
Percentage		99.95 %		99.95 %
b) Votes against	10	3,570	10	3,625
Percentage		0.05 %		0.05 %

- iv) Resolutions passed by Postal Ballot were in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.
- v) There was no extra ordinary general meeting held during the year 2011-12.

## 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 publishes all quarterly, half-yearly and full year audited results in atleast 2 newspapers. The quarterly results are further submitted to the BSE Limited immediately after the conclusion of the respective meetings.
- (ii) No presentations were made to institutional investors or to the analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms part of this Annual Report.

## 8. General Shareholder Information

### i. Annual General Meeting :

Day, Date and Time : Friday, 28th September 2012 at 11.30 a.m.

Venue : Kohinoor Hall, 3rd floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Sawarkar Marg, Prabhadevi, Mumbai-400025

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

June 30, 2012	:	By 14th August, 2012
September 30, 2012	:	By 14th November, 2012
December 31, 2012	:	By 14th February, 2013
March 31, 2013	:	By 15th May, 2013

Annual General Meeting for the year : By 30th September, 2013

iii. **Dates of Book Closure** : 26th September, 2012 to 28th September, 2012 (both days inclusive)

iv. **Listing on Stock Exchanges:**

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

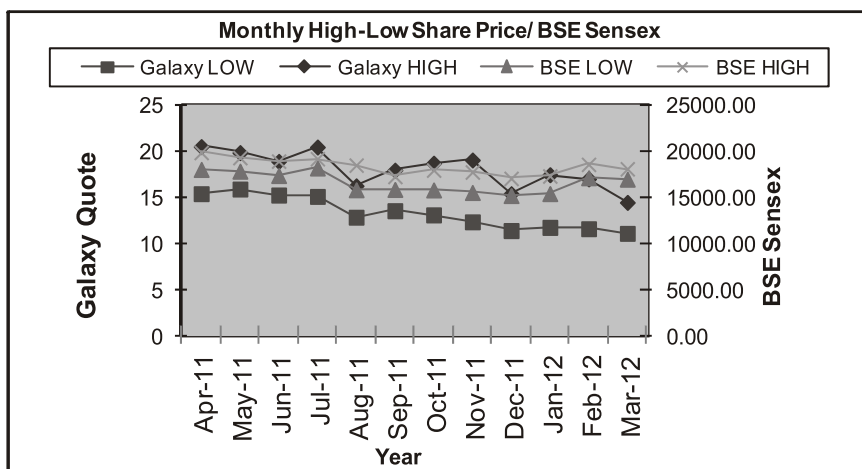
v. **Stock Code/Symbol** : BSE 506186

vi. **Market Price Data:**

The monthly high and low quotations of shares traded on the BSE Limited is as follows:

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2011	20.45	15.35
May 2011	19.80	15.85
June 2011	18.85	15.20
July 2011	20.40	15.05
August 2011	16.20	12.80
September 2011	17.90	13.50
October 2011	18.65	13.05
November 2011	19.00	12.30
December 2011	15.35	11.35
January 2012	17.40	11.70
February 2012	16.95	11.55
March 2012	14.40	11.05

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 Registrar and Share Transfer Agent 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 Registrar and Share Transfer Agent 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 15 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, 2012:**

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	91,69,163	58.59
2.	NRI / FII	-----	-----
3.	Private Bodies Corporate	31,59,144	20.19
4.	Indian Public	33,21,628	21.22
	<b>Total</b>	<b>1,56,49,935</b>	<b>100.00</b>

**x. Distribution of Shareholding as at March 31, 2012:**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	2,667	76.81	4,334,600	2.77
5,001 - 10,000	324	9.33	2,696,190	1.72
10,001 - 20,000	199	5.73	2,985,000	1.91
20,001 - 30,000	85	2.45	2,198,410	1.40
30,001 - 40,000	36	1.04	1,300,080	0.83
40,001 - 50,000	36	1.04	1,731,130	1.11
50,001 - 100,000	55	1.58	4,070,940	2.60
100,001 and above	70	2.02	137,183,000	87.66
<b>TOTAL</b>	<b>3,472</b>	<b>100.00</b>	<b>156,499,350</b>	<b>100.00</b>

**xi. Dematerialisation of Shares and Liquidity:**

About 78.26 % of the shares have been dematerialized as on March 31, 2012. The equity shares of the Company are traded at BSE 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, 2012.

**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, Kalyan (Maharashtra), Mumbai, 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: csg-unit@tsrdarashaw.com

**xvi. For general correspondence:**

**Galaxy Entertainment Corporation Limited**  
 110-111, B-wing, Shah & Nahar Industrial Estate,  
 L. P. Marg, Dr. E. Moses Road,  
 Worli, Mumbai - 400 018  
 Tel No. 022-6611 4141

**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, 2012

b. Shareholdings of Non-Executive Directors as on 31st March 2012 is as under :

<b>Name of the Director</b>	<b>No. of Shares held</b>
Mr. Atul Ruia	50,000
Mr. Rajneesh Agarwal	Nil
Mr. Sunil Biyani	Nil
Ms. Uditia 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.

### VIII. Secretarial Audit (Share Capital Audit)

A qualified practicing company secretary carried out secretarial audit (Share Capital Audit) to reconcile the total admitted equity share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total listed equity share capital. The secretarial audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL.

### IX. Green Initiative

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/11 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, HAS ALLOWED COMPANIES TO SEND Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

---

### CEO CERTIFICATE:

I hereby certify that, to the best of my knowledge and belief.

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

Place : Mumbai  
Date : May 29, 2012

**Rohinton Rabady**  
Manager

**CERTIFICATE ON CORPORATE GOVERNANCE**

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, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Limited.

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

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

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

**For Martinho Ferrao & Associates  
Company Secretaries**

**Martinho Ferrao**  
**Proprietor**  
CP No. 5676  
Dated: May 29, 2012

**CODE OF CONDUCT DECLARATION**

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

**Rohinton Rabady**  
**Manager**

Place : Mumbai  
Date : May 29, 2012

## **INDUSTRY STRUCTURE & DEVELOPMENT.**

In 2012, the food services sector in India is expected to witness a 50% increase in investments to about US\$ 750 million. This has been established by Indian Brand Equity Foundation (IBEF).

- The massive potential of the domestic market drives the business and the competition.
- Of the \$ 750, about \$165 million has gone into purely front end retail, such as FMCGs.
- Indians spend US\$ 64 billion annually on eating out, which includes \$13 billion on QSRs (Quick Service Restaurants), propelling the industry to grow at 25-30% annually, according to Euro monitor.
- Also, listed as one of the key major players listed in IBEF is your very own Future Group.
- Competition, Innovation and Adaption are the watchwords in the industry.
- Indians today have more of an experimental palate than ever before, opening up many more possibilities of food experiences in styles, tastes, cuisines, etc.
- Having a burgeoning middle class with increased incomes, inspite of the European and World Markets hitting the doldrums, makes for 25% expected growths in CAGR.
- Increase in Working Women as well as Nuclear Families, results in more of eating-out.

## **OUTLOOK:**

Studies by Merrill Lynch and HVS International show that increasing Urbanisation and Disposable Incomes result in growth estimates of 20% per annum in nominal terms (16% in real terms) in urban consumption in the organised sector, to which we belong.

Indians spent about 2.4% of their Food-expenditure in hotels and restaurants (including take-out). In comparison, Americans spend 40% of the Food-expenditure on away-from-home meals. This shows that this segment is in its infancy and has a huge potential for growth.

The organised food operators are on the increase in the country, and many non-organised ones are moving into the organised ambit, as research on a national level shows.

**Summation:** The future for the industry in the organised sector is very positive, but also fraught with challenges. We will widen the range of formats we exist in within the organised food industry and plan to grow with industry developments.

## **Positives:**

- In spite of the depressed economy at present, average urbanite has an increased propensity to spend.
- The choice of formats just keeps getting wider viz. Food Courts, Cafes, Bars, Malls, Specialty & Boutique outlets, etc.
- An informed and ready to experiment (to a degree) customer base.

## **OPPORTUNITIES & THREATS**

- Identifying the right location and having the wherewithal to convert the not-perfect outlet to a profitable one.
- Extremely complicated Licensing norms.
- Governmental taxes and charges can be crippling, and when passed on to customers can result in fewer visits.
- Intense competition.
- General economic conditions includes interest rates, unreal rentals, inflation, etc.

## **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.
- 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.

## **SEGMENTWISE 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 predicting such changes and making proactive decisions about nature of HRM. Human Resources at GECL have gone through sea changes over the past years. The Central HR team has decentralized most of the HR systems and activities to make it easier for the Units to function independently. Human Resource Information System has strengthened our personnel database management system for keeping various HR records and its retrieval from time to time, in turn helped us to shift our focus on people development.

GECL emphasizes on HR Audits, Training and Development of Employees to increase Quality of Work behavior so as to increase Productivity and Proficiency. Constant Efforts are being made for improving employee morale and motivation by doing employee surveys, employee engagement activities, feedback systems across the board.

Efforts are also being made to further strengthen the Performance Management process through Performance Appraisal to evaluate employees performance and to guide or suggest improvements if gaps are being observed. Job Rotation and Job Enrichment is to be focused for proper Career and Succession planning so as to create opportunities for deserving employees in form of promotions and improvements which will result in consistent vertical and lateral growth of organization.

## **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 ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give 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 paragraph 3 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of profit and loss 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. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. Without qualifying our opinion, we draw attention to Note No. 31 of Notes on Financial Statements with regard to the financial statements being drawn with Going Concern assumption.
  - vii. 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 March 31, 2012;
    - b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
    - c) in the case of 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: May 29, 2012

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **Galaxy Entertainment Corporation Limited** on the financial statements for the year ended March 31, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) A part of the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of physical verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) The inventory consisting of consumables and supplies has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to 2 subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 105,980 and the year-end balance of loans granted to such parties was Rs. 18,226,249.
- (b) As informed to us, the loans given are interest free. In our opinion, the other terms and conditions for such loans are prima-facie, not prejudicial to the interest of the Company.
- (c) In our opinion and according to the information and explanations given to us, the said loans are given interest free. As informed to us, no terms and conditions have been stipulated for repayment of such loans. In absence of such stipulations we are unable to comment on the terms and conditions for repayment of such loans.
- (d) As informed to us, there are no principal amounts overdue on the loans.
- (e) As informed, the Company has taken unsecured loans from a company covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs. 22,000,000 and repaid the same during the year.
- (f) As informed to us, the above loan was interest free. In our opinion, the other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs.500,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained to us, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services of the company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance,



income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Sales Tax Act	Sales Tax	16,68,316	2003-2004	Sales Tax Commissioner

- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit. There were no cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) The company has not taken any term loans during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have been used for long-term investment amounting to Rs. 260,644,813.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The company has not raised money by way of public issues during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Chetan Desai**  
Partner  
Membership No: 17000

Place: Mumbai  
Date: May 29, 2012

# Balance Sheet

as at March 31, 2012

**galaxy**  
ENTERTAINMENT CORPORATION LIMITED

	Note No	Rupees	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
( a ) Share Capital	3	156,499,350		156,499,350
( b ) Reserves & Surplus	4	(198,050,911)		(117,608,069)
( c ) Money Received against share warrants			(41,551,561)	38,891,281
<b>2 Share Application Money Pending Allotment</b>				
		-		-
<b>3 Non-Current Liabilities</b>				
( a ) Long Term Borrowings	5	71,994,000		127,794,000
( b ) Deferred Tax Liabilities (Refer Note No. 36)		-		-
( c ) Other Long Term Liabilities	6	5,738,888		6,294,444
( d ) Long Term Provisions	7	3,033,630		3,003,587
			80,766,518	137,092,031
<b>4 Current Liabilities</b>				
( a ) Short Term Borrowings	8	108,478,084		68,676,659
( b ) Trade Payables	9	55,980,250		43,085,876
( c ) Other Current Liabilities	10	151,376,058		98,557,821
( d ) Short Term Provisions	11	320,214		282,140
			316,154,606	210,602,496
<b>Total</b>			<b>355,369,563</b>	<b>386,585,808</b>
<b>II ASSETS</b>				
<b>1 Non Current Assets</b>				
( a ) Fixed Assets				
(i) Tangible Assets	12	263,747,925		323,481,710
(ii) Intangible Assets	13	241,024		1,050,335
		263,988,949	263,988,949	324,532,045
(iii) Capital Work-in-Progress			-	-
(iv) Intangible Assets Under Development			-	-
( b ) Non Current Investments	14		63,000	63,000
( c ) Deferred Tax Assets ( refer note No. 36)			-	-
( d ) Long Term Loans and Advances	15		23,131,607	20,820,013
( e ) Other Non Current Assets	16		12,676,214	13,117,507
<b>2 Current Assets</b>				
( a ) Current Investments		-		-
( b ) Inventories	17	2,362,622		4,620,776
( c ) Trade Receivables	18	43,571,495		10,893,157
( d ) Cash and Bank Balances	19	561,791		1,058,724
( e ) Short Term Loans and Advances	15	7,731,044		7,919,573
( f ) Other Current Assets	20	1,282,841		3,561,013
			55,509,793	28,053,243
<b>Total</b>			<b>355,369,563</b>	<b>386,585,808</b>

Significant Accounting Policies 2  
 Accompanying notes are an integral part of the financial statements 3 to 45  
 As per our report attached of even date

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

**For and on behalf of the Board**

**Chetan Desai**  
 Partner  
 Membership No. 17000

**Sunil Biyani** **Udita Jhunjunwala** **Rohinton Rabady**  
 Director Director Manager

Place : Mumbai  
 Dated: May 29, 2012

Place : Mumbai  
 Dated: May 29, 2012

# Statement of Profit and Loss

for the year ended March 31, 2012

**galaxy**  
ENTERTAINMENT CORPORATION LIMITED

	Note No	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
<b>I REVENUE</b>			
( a ) Revenue From Operations	21	166,467,374	272,513,250
( b ) Other Income	22	7,184,934	7,994,112
<b>Total Revenue</b>		<b><u>173,652,308</u></b>	<b><u>280,507,362</u></b>
<b>II EXPENSES</b>			
( a ) Consumption of Restaurant Supply & Gaming Expenses	23	34,695,008	44,574,937
( b ) Employees Benefits Expense	24	33,501,849	50,050,546
( c ) Finance Costs	25	37,624,488	33,024,961
( d ) Depreciation and Amortisation Expenses	26	54,265,317	58,425,080
( e ) Other Expenses	27	94,008,488	167,546,389
<b>Total Expenses</b>		<b><u>254,095,150</u></b>	<b><u>353,621,913</u></b>
<b>Profit Before Tax</b>		(80,442,842)	(73,114,551)
<b>Tax Expenses</b>			
Current Tax		-	-
Earlier Year Tax		-	1,892,502
Deferred Tax		-	-
<b>Profit for the Year</b>		<b><u>(80,442,842)</u></b>	<b><u>(75,007,053)</u></b>
<b>Earnings per Equity Share ( face value of Rs. 10 each )</b>			
Basic and Diluted	39	<b>(5.14)</b>	<b>(4.79)</b>

Significant Accounting Policies 2  
Accompanying notes are an integral part of the financial statements 3 to 45

As per our report attached of even date

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

**Chetan Desai**  
Partner  
Membership No. 17000

Place : Mumbai  
Dated: May 29, 2012

**For and on behalf of the Board**

**Sunil Biyani**   **Udita Jhunjunwala**   **Rohinton Rabady**  
Director   Director   Manager

Place : Mumbai  
Dated: May 29, 2012

# Cash Flow Statement

for the year ended March 31, 2012

**galaxy**  
ENTERTAINMENT CORPORATION LIMITED

	2011-12		2010-11	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT / (LOSS) BEFORE TAX</b>				
Adjustment for :		(80,442,844)		(73,114,551)
Depreciation for the Year	54,265,317		58,425,080	
Interest expense	37,624,488		33,024,140	
Interest income	(1,151,742)		(3,851,162)	
(Gain)/Loss on foreign exchange fluctuation	5,994,510		4,187,783	
(Profit) /Loss on sale of Fixed Assets	(5,000)		(1,102,659)	
Sundry Assets W/off	6,884,993		20,540,312	
Provision for dimunition in Investments in Subsidiaries	-		510,988	
Sundry balances written back	(4,334,382)		-	
Bad Debts written off	-	99,278,184	326,350	112,060,832
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		18,835,342		38,946,281
(Increase)/ decrease in working capital:				
Inventories	2,258,154		3,532,025	
Trade and other receivables	(33,509,957)		10,187,781	
Trade and other payables	29,210,216		(20,147,438)	
Other Current Assets	3,416,280		228,711	
<b>CASH USED IN OPERATIONS</b>		1,374,693		(6,198,921)
Payment of Taxes ( Net of Refunds)		20,210,035		32,747,360
		(744,174)		3,096,774
<b>NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>19,465,861</b>		<b>35,844,134</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets/Capital Advances paid		(607,213)		4,467,274
Sale Proceeds of Fixed Assets/Capital Advances paid		5,000		-
(Increase in) / Redemption of Investments		-		(3,000)
Interest received		13,634		3,834,352
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(588,579)</b>		<b>8,298,626</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Loans (given)/repaid by subsidiaries		(105,980)		(114,746)
Proceeds from / (Repayment of) borrowings		(15,998,575)		(12,434,231)
Interest Paid		(3,269,660)		(33,024,140)
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>(19,374,215)</b>		<b>(45,573,117)</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(496,933)		(1,430,357)
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>		1,058,724		2,489,081
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>		<b>561,791</b>		<b>1,058,724</b>
Cash and cash equivalents comprise of :				
Cash & Bank Balances (Note Nos.19)		561,791		1,058,724
<b>Total</b>		<b>561,791</b>		<b>1,058,724</b>

Note: 1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006

2. Previous year's figures are regrouped, where necessary, to confirm the current year's classification

As per our report attached of even date

**For Haribhakti & Co.**

Chartered Accountants  
Firm Regn No.103523W

**Chetan Desai**

Partner  
Membership No. 17000

Place: Mumbai

Dated: May 29,2012

**For and on behalf of the Board**

**Sunil Biyani**

Director

**Udita Jhunjunwala**

Director

**Rohinton Rabady**

Manager

on Financial Statements for the Year Ended March 31, 2012

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS AT MARCH 31, 2012**

### **1. Background**

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centres across the country and as at the balance sheet date it has 14 centres 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 notified under the Companies (Accounting Standard) Rules, 2006, as amended.

#### **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. Tangible Assets and Depreciation**

Tangible assets are stated at their original cost of acquisition or construction less accumulated depreciation. Costs include all costs incurred to bring the assets to their present condition and location.

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

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

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 and Amortisation**

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

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

<b>Particulars</b>	<b>Rate</b>
Intangibles – License	20%

on Financial Statements for the Year Ended March 31, 2012

**e. Impairment of Assets**

An asset is treated as impaired when the carrying value of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**f. Investments**

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" notified under the Companies (Accounting Standard) Rules, 2006, as amended. Current investments are 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 Statement of Profit and Loss. Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments

**g. Inventories**

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

**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 collectibles exists.

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

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

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

Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate.

**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 done at the year-end by independent actuaries using the Projected Unit Credit Method. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**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 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 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.

on Financial Statements for the Year Ended March 31, 2012

**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 Statement of Profit and Loss.

**l. Leases**

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

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

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

**m. Earnings Per Share**

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

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

**n. Cash and Cash equivalents**

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

**o. Borrowing Costs**

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

**p. Provisions, Contingent Liabilities and Contingent Assets**

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

on Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b> <b>Rupees</b>	<b>As At 31.03.2011</b> <b>Rupees</b>
<b>3. Share Capital</b>		
<b>Authorised</b>		
20,000,000 Equity Shares of Rs.10/- each (Previous Year 20,000,000 Equity Shares)	200,000,000	200,000,000
<b>Issued, Subscribed and Paid-up</b>		
15,649,935 Equity Shares of Rs.10/- each fully paid-up (Previous Year 15,649,935 Equity Shares)	156,499,350	156,499,350
Add : Forfeited Shares Account	-	-
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	<b>156,499,350</b>	<b>156,499,350</b>

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

Particulars	As At 31.03.2012		As At 31.03.2011	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	15,649,935	156,499,350	15,649,935	156,499,350
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>15,649,935</b>	<b>156,499,350</b>	<b>15,649,935</b>	<b>156,499,350</b>

**b. Terms/rights attached to the Equity Shares:**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As At 31.03.2012		As At 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pantaloon Retail India Ltd.	4,937,935	31.55	4,937,935	31.55
Bellona Finvest Limited	3,686,491	23.56	3,686,491	23.56
Eclipse Trade Pvt. Ltd.	1,029,432	6.58	-	-
Merlin Enclaves pvt. Ltd.	895,626	5.72	895,626	5.72
Winstar India Investment Co. Ltd.	-	-	1,061,530	6.78

**d. Aggregate numbers of Equity shares allotted as fully paid up pursuant to the contract without payment received in cash:**

Particulars	Aggregate no. of shares				
	2007-08	2008-09	2009-10	2010-11	2011-12
Fully Paid up equity shares	2,937,935	-	-	-	-



on Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b> <b>Rupees</b>	<b>As At 31.03.2011</b> <b>Rupees</b>
<b>4. Reserves &amp; Surplus</b>		
Security Premium account	318,497,460	318,497,460
<b>General Reserve</b>		
Opening Balance	18,062,972	18,062,972
Add: Amount transferred from surplus balance of statement of Profit and Loss	-	-
	<u>18,062,972</u>	<u>18,062,972</u>
Less: Adjustment	-	-
<b>Closing Balance</b>	<u>18,062,972</u>	<u>18,062,972</u>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	(454,168,501)	(379,161,448)
Profit/(Loss) for the year	(80,442,842)	(75,007,053)
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
<b>Closing Balance</b>	<u>(534,611,343)</u>	<u>(454,168,501)</u>
<b>Total Reserves and Surplus</b>	<b><u>(198,050,911)</u></b>	<b><u>(117,608,069)</u></b>
<b>5. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loan from Banks	71,994,000	127,794,000
( Rs. 4,68,00,000 is payable annually in four quarterly equal installment and interest rate is between 15% and 15.75% p.a) (Secured against hypothecation charge on entire present and future movable fixed /current assets of the company and personal guarantee of one of the Promoters) (Current maturities of Long Term Loans have been disclosed under Other Current Liabilities in Note No. 10)		
<b>Total</b>	<b><u>71,994,000</u></b>	<b><u>127,794,000</u></b>
<b>6. Other Long Term Liabilities</b>		
Deposits	5,100,000	5,100,000
Income Received in Advance	638,888	1,194,444
<b>Total</b>	<b><u>5,738,888</u></b>	<b><u>6,294,444</u></b>
<b>7. Long Term Provisions</b>		
Provision for Employees Benefits		
Gratuity	1,673,995	1,583,155
Leave Encashment	1,359,635	1,420,432
<b>Total</b>	<b><u>3,033,630</u></b>	<b><u>3,003,587</u></b>

on Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>8. Short Term Borrowings</b>		
<b>Secured</b>		
Working Capital Loan Repayable on Demand from Banks (Secured against hypothecation charge on entire present and future movable fixed/current assets of the company and personal guarantee of one of the Promoters)	3,578,084	6,676,659
<b>Unsecured from others</b>		
Inter Corporate Deposit (ICD)	104,900,000	62,000,000
<b>Total</b>	<b>108,478,084</b>	<b>68,676,659</b>
In respect of interest on ICD, detail of defaults as on the balance sheet date are as under: <u>Period and Amount of Default</u> ( a ) in respect of one party, 12 months Rs. 7,814,677. ( b ) in respect of other party, 6 months Rs. 1,337,978.		
<b>9. Trade Payables</b>		
Micro, Small & Medium Enterprises (Refer Note No. 43)	-	-
Others	55,980,250	43,085,876
<b>Total</b>	<b>55,980,250</b>	<b>43,085,876</b>
<b>10. Other Current Liabilities</b>		
Current Maturities of Long Term Debts (Refer Note No. 5)	46,800,000	46,800,000
Interest Accrued & Due	11,427,736	2,419,331
Payable Towards Capital Goods	41,049,464	36,917,233
Other Advances (Refer Note No. 32)	25,000,000	-
Salary & Reimbursements Payable	4,242,425	6,179,712
Contribution to PF	67,996	101,400
Advances from Customers	5,944	31,138
Statutory Dues	1,894,904	1,793,074
Income Received in Advance - Current Portion	555,556	555,556
Book Overdraft	1,807,176	-
Liabilities for Expenses	18,524,857	3,083,486
Retention Money	-	676,891
<b>Total</b>	<b>151,376,058</b>	<b>98,557,821</b>
<b>11. Short Term Provisions</b>		
Provision for Employees Benefits		
Gratuity	205,272	119,703
Leave Encashment	114,942	162,437
<b>Total</b>	<b>320,214</b>	<b>282,140</b>

on Financial Statements for the Year Ended March 31, 2012

**Note No. 12: Tangible Assets  
(Valued at Cost less Depreciation/Impairment)**

(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block		
	As at 01.04.2011	Addition	Acquisition through Business Combination	Deductions	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Improvements to Licensed Premises (Refer Note No. 30)	61,496,937	350,000	-	1,277,833	60,569,104	20,361,339	6,605,023	1,276,148	25,690,214	34,878,890	41,135,598
Plant and Machinery	411,159,353	148,505	-	10,465,332	400,842,526	147,016,016	40,846,293	5,110,807	182,751,502	218,091,024	264,143,337
Furniture and Fixtures	43,119,536	108,708	-	6,415,753	36,812,491	25,507,070	5,530,578	4,886,971	26,150,677	10,661,814	17,612,466
Computers	2,899,871	-	-	-	2,899,871	2,309,562	474,112	-	2,783,674	116,197	590,309
Motor Car	881,695	-	-	881,695	-	881,695	-	881,695	-	-	-
<b>SUB TOTAL</b>	<b>519,557,392</b>	<b>607,213</b>	<b>-</b>	<b>19,040,613</b>	<b>501,123,992</b>	<b>196,075,682</b>	<b>53,456,006</b>	<b>12,155,621</b>	<b>237,376,067</b>	<b>263,747,925</b>	<b>323,481,710</b>
Previous Year	581,077,065	26,928,200	-	88,447,873	519,557,392	175,218,363	57,556,290	36,698,971	196,075,682	323,481,710	

**Note No. 13: Intangible Assets  
(Valued at Cost less Amortisation/Impairment)**

Particulars	Gross Block				Amortisation				Net Block		
	As at 01.04.2011	Addition	Acquisition through Business Combination	Deductions	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Intangibles</b>											
Rights of Film - Khel	86,512,743	-	-	-	86,512,743	86,512,743	-	-	86,512,743	-	-
Liquor License	4,035,500	-	-	-	4,035,500	2,985,165	809,311	-	3,794,476	241,024	1,050,335
<b>TOTAL</b>	<b>90,548,243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,548,243</b>	<b>89,497,908</b>	<b>809,311</b>	<b>-</b>	<b>90,307,219</b>	<b>241,024</b>	<b>1,050,335</b>
Previous Year	92,893,743	-	-	2,345,500	90,548,243	89,582,740	868,790	953,622	89,497,908	1,050,335	

**14. Non Current Investments**

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ Others	No. of Shares		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount in Rupees	
			31.03.2012	31.03.2011			31.03.2012	31.03.2011	31.03.2012	31.03.2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
<b>I</b>	<b>Trade Investments</b>									
	Investment in Equity Instruments									
	Rain Fruits & More Pvt. Ltd. (Equity share of Rs. 10 each)	Subsidiary	1,252,142	1,252,142	Unquoted	Fully paid	72.19	72.19	35,491,840	35,491,840
	Galaxy Rain Restaurant Pvt. Ltd. (Equity share of Rs. 10 each)	Subsidiary	10,000	10,000	Unquoted	Fully paid	100.00	100.00	100,000	100,000
<b>II</b>	<b>Other Investments</b>									
	National Saving Certificates (Under Lien)								63,000	63,000
	<b>Sub Total Non Current Investments</b>								<b>35,654,840</b>	<b>35,654,840</b>
	Less: Provision for diminution in the value of Investment								35,591,840	35,591,840
	<b>Total Non Current Investments</b>								<b>63,000</b>	<b>63,000</b>

Particulars	31.03.2012	31.03.2011
	Rs.	Rs.
Aggregate amount of quoted investments (Market value Rs. NIL(Previous year Rs. Nil))	-	-
Aggregate amount of Unquoted Investments	35,654,840	35,654,840
Aggregate Provision for Diminution in Value of Investments	35,591,840	35,591,840

on Financial Statements for the Year Ended March 31, 2012

**15. Loans and Advances**

	Long Term		Short Term	
	31.03.2012 Rupees	31.03.2011 Rupees	31.03.2012 Rupees	31.03.2011 Rupees
<b>Security Deposits</b>				
Unsecured, Considered Good	20,896,644	19,435,204	80,499	132,472
<b>Total (a)</b>	20,896,644	19,435,204	80,499	132,472
<b>Loans and Advances to related parties</b>				
Unsecured, Considered Good	105,980	-	-	-
Doubtful	18,120,269	18,120,269	-	-
	18,226,249	18,120,269	-	-
Provision for Doubtful Advances	18,120,269	18,120,269	-	-
<b>Total (b)</b>	105,980	-	-	-
<b>Other Loans and Advances (Unsecured, Considered Good)</b>				
Advance Fringe Benefit Tax (Net of Provision)	45,828	45,828	-	-
Advance Income Tax	2,083,155	1,338,981	-	-
Advances to Creditors	-	-	962,481	644,152
Advance to Employees for Expenses	-	-	996,337	531,305
Service Tax Receivables	-	-	-	1,807
Prepaid Expenses	-	-	2,351,760	2,630,333
Dues from Others	-	-	1,674,792	2,105,604
Advance Sales Tax/Entertainment Tax Paid	-	-	1,665,175	1,873,900
<b>Total (c)</b>	2,128,983	1,384,809	7,650,545	7,787,101
<b>Total (a+b+c)</b>	<b>23,131,607</b>	<b>20,820,013</b>	<b>7,731,044</b>	<b>7,919,573</b>

**16. Other Non Current Assets**

Fixed Deposits with Bank (under Lien against Bank Guarantee)	12,676,214	13,117,507
<b>Total</b>	<b>12,676,214</b>	<b>13,117,507</b>

**17. Inventories**

(Valued of Cost or NRV, whichever is lower)

Restaurants supplies and consumables	2,362,622	2,291,310
Video Games Consumables	-	2,329,466
<b>Total</b>	<b>2,362,622</b>	<b>4,620,776</b>

**18. Trade Receivable**

Trade Receivables outstanding for a period less than six months from the date they are due for payment:

(a) Secured, considered good	20,170,769	-
(b) Un-secured, considered good	2,678,335	8,977,527
(c) Un-secured, considered doubtful	-	-
	22,849,104	8,977,527
Less: Provision for doubtful debts	-	-
	22,849,104	8,977,527

Trade Receivables outstanding for a period exceeding six months from the date they are due for payment:

(a) Secured, considered good	-	-
(b) Un-secured, considered good	20,722,391	1,915,630
(c) Un-secured, considered doubtful	-	-
	20,722,391	1,915,630
Less: Provision for doubtful debts	-	-
	20,722,391	1,915,630
<b>Total</b>	<b>43,571,495</b>	<b>10,893,157</b>

on Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>19. Cash &amp; Bank Balances</b>		
Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	325,726	594,490
In Unpaid Dividend Accounts	-	-
Cash on Hand	236,065	464,234
<b>Total</b>	<b>561,791</b>	<b>1,058,724</b>
<b>20. Other Current Assets</b>		
Interest Accrued on Fixed Deposits	1,282,841	250,525
Interest Accrued on Inter Corporate Deposits	-	3,310,488
<b>Total</b>	<b>1,282,841</b>	<b>3,561,013</b>
<b>21. Revenue From Operation</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Sale of Services</b>		
Games	10,452,536	125,497,232
Restaurants	111,243,818	128,330,410
Sponsorships	991,476	1,523,266
<b>Other Operating Income</b>		
Income from Machine Hire Charges	37,875,248	14,701,756
Business Conducting Income	1,075,000	-
Service Charges Received	4,549,931	2,121,067
Scrap Sale	279,365	339,519
<b>Total</b>	<b>166,467,374</b>	<b>272,513,250</b>
<b>22. Other Income</b>		
Interest on Bank Deposits	1,151,742	998,126
Interest - Others	-	2,853,036
Miscellaneous Income	1,698,810	1,726,019
Provision no longer required, written back	4,334,382	2,416,931
<b>Total</b>	<b>7,184,934</b>	<b>7,994,112</b>
<b>23. Consumption of Restaurant Supply and Gaming Expenses</b>		
Games Expenses	-	5,333,416
Wine, Liquor, Beverage, Tobbaco & Food Consumables	34,695,008	39,241,521
<b>Total</b>	<b>34,695,008</b>	<b>44,574,937</b>
<b>24. Employee Benefit Expenses</b>		
Salaries, Wages, Bonus and Ex-gratia	31,137,384	46,329,046
Gratuity (Refer Note No. 42)	242,079	45,533
Contribution to Provident and other Funds	1,600,020	2,606,129
Staff Welfare Expenses	522,366	1,069,838
<b>Total</b>	<b>33,501,849</b>	<b>50,050,546</b>

on Financial Statements for the Year Ended March 31, 2012

	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
<b>25. Finance Costs</b>		
Interest on ICD	13,575,328	7,329,888
Interest on Term Loan	23,057,776	24,687,338
Interest on Cash Credit	991,384	1,006,914
Interest on others	-	821
<b>Total</b>	<b><u>37,624,488</u></b>	<b><u>33,024,961</u></b>
<b>26. Depreciation and Amortisation Expenses</b>		
Depreciation on Tangible Assets	53,456,006	57,556,290
Amortisation on Intangible Assets	809,311	868,790
<b>Total</b>	<b><u>54,265,317</u></b>	<b><u>58,425,080</u></b>
<b>27. Other Expenses :</b>		
Fuel, Power & Light	8,124,584	18,440,319
Repairs & Maintenance		
-Building	239,074	254,883
-Machinery	2,459,558	6,274,374
-Others	<u>2,409,238</u>	<u>2,384,568</u>
Insurance	1,187,725	1,701,261
Rent	41,809,973	80,623,777
Rates and Taxes	4,719,084	10,855,795
Travelling and Conveyance Expenses	2,135,606	3,637,147
Legal and Professional Fees	2,962,813	3,363,816
Advertisement and Publicity	4,163,139	4,775,494
Printing and Stationery	539,875	836,744
Communication Expenses	891,229	1,439,929
Provision for Diminution in Investment/loan & advances in Subsidiaries	-	510,988
Bank Charges	88,657	181,151
Sundry debit balance Written off	4,757,555	1,596,973
Security Charges	1,254,681	2,312,798
Commission on Credit Card	1,061,876	1,244,613
Sundry Expenses	1,076,517	915,600
Bad Debts Written off	76,060	326,350
Directors' Sitting Fees	160,000	175,000
Sundry Assets Write Off	6,884,993	20,540,312
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency	5,994,510	4,187,783
Auditors' Remuneration		
<b>As Auditor:</b>		
Audit fee	500,000	500,000
Tax Audit fee	100,000	100,000
<b>In other Capacity:</b>		
Limited Review	300,000	300,000
Service Tax and Educational Cess	105,060	92,700
Reimbursement of expenses	6,681	4,914
	<u>1,011,741</u>	<u>997,614</u>
Less: Cenvat Credit of Service Tax & Cess	-	30,900
<b>Total</b>	<b><u>94,008,488</u></b>	<b><u>167,546,389</u></b>

on Financial Statements for the Year Ended March 31, 2012

## Notes on Financial Statements

### 28. Capital and Other Commitments

a) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous Year Rs. Nil).

b) Other Commitment

The Company has entered into certain non-cancellable agreements with landlord for premises. Commitment toward the same is Rs. 2,170,000 (Previous Year Rs. 648,252).

### 29. Contingent Liabilities not provided for:

a) In respect of guarantees given by banks of Rs. 11,533,959 (Previous Year Rs. 10,383,500)

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

Particulars	2011-2012 Rupees	2010-2011 Rupees
Entertainment Tax Demand	1,603,718	-
Indirect Tax Demand	2,168,316	2,168,316

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

d) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfill export obligation by October 2015. Outstanding as at balance sheet date is Rs. 529,663,942 (Previous Year Rs. 529,663,942).

**30.** Improvements to Leasehold Premises at 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 the premises is for 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.

### 31. Going Concern:

The Company is incurring losses for last few years, and its accumulated losses at the last date of the financial year exceeded the net worth of the Company and its net worth has been completely eroded. The Company has restructured its business in the past years and is also considering viable expansion/restructuring plans. The company has neither the intention nor the necessity of liquidating or of curtailing materially the scale of its operations. Therefore, these accounts have been prepared on the going concern assumption.

**32.** The Board of Directors of the Company has decided to transfer, sell and/or dispose off 5 centres of Sports Bar Undertaking operated by the Company to a potential purchaser, together with all its assets, rights, liabilities/obligations of all nature and kind along with its employees on a going concern basis as a slump sale. The company has entered into a "Business Transfer – Payment of Advance Agreement" with the purchaser and pursuant to the said agreement has received an advance of Rs. 25,000,000. The said amount received is shown under Note No. 10 – Other Current Liabilities.

on Financial Statements for the Year Ended March 31, 2012

The said transaction is subject to the approval of shareholders of the company under the provisions of Section 293(1)(a) read with Section 192A and such other applicable provisions, if any, of the Companies Act, 1956.

### 33. Expenditure in Foreign Currency:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Travel and Boarding Expenses	13,774	1,97,096
Capital Goods and Spare Parts	-	848,889
Membership Fees	-	-
<b>Total</b>	<b>13,774</b>	<b>1,045,985</b>

### 34. Earnings in Foreign Currency:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Leisure and Entertainment Income	1,651,925	1,877,188
<b>Total</b>	<b>1,651,925</b>	<b>1,877,188</b>

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

### 36. Deferred Tax Asset/(Liability):

On a conservative basis, the Company has not recognized any deferred tax asset/(liability) pertaining to the current year.

37. In accordance with the Accounting Standard 18 on "Related Party Disclosure" notified under the Companies (Accounting Standard) Rules, 2006, as amended, the relevant information for the year ended March 31, 2012 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. Rohinton Rabady

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

Nature of transaction	Entities where control exists Rupees	Key Management Personnel Rupees	Total Rupees
Salaries and Allowances - Mr. Rohinton Rabady	-	2,842,282	2,842,282
	(-)	(2,749,830)	(2,749,830)
Loans given: GRRPL	3,309		3,309
	(4,503)		(4,503)
RFMPL	102,671		102,671
	(290,243)		(290,243)



on Financial Statements for the Year Ended March 31, 2012

<b>Nature of transaction</b>	<b>Entities where control exists Rupees</b>	<b>Key Management Personnel Rupees</b>	<b>Total Rupees</b>
Loans Repaid By: RFMPL	- (27,688)		- (27,688)
Loan Received from PRIL	22,000,000 (20,000,000)		22,000,000 (20,000,000)
Loan Repaid to PRIL	22,000,000 (20,000,000)		22,000,000 (20,000,000)
Purchases / Services from: PRIL	3,320 (5,547,454)		3,320 (5,547,454)
Sales/Hire Charges to: PRIL	4,714,740 (5,660,739)		4,714,740 (5,660,739)
Rent Paid:PRIL	388,136 (7,935,727)		388,136 (7,935,727)
Interest Paid : PRIL	- (32,877)		- (32,877)
Outstanding at year-end:			
Investment in subsidiary-RFMPL/GRRPL	35,591,840 (35,591,840)		35,591,840 (35,591,840)
Less: Provision for permanent Diminution	35,591,840 (35,591,840)		35,591,840 (35,591,840)
Loans Receivable-RFMPL/GRRPL	18,226,249 (18,120,269)		18,226,249 (18,120,269)
Sundry Debtors – PRIL	4,658,059 (-378,209)		4,658,059 (-378,209)

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

### 38. Properties which are under Operating Agreements:

<b>Particulars</b>	<b>2011-2012 Rupees</b>	<b>2010-2011 Rupees</b>
Business conducting / License charges recognized in the Statement of Profit and Loss during the year	-	13,398,469
Total of future minimum lease payments under non-cancellable operating agreements:		
- Not later than 1 year	1,860,000	648,252
- Later than 1 year and not later than 5 years	310,000	-
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	2,170,000	648,252

on Financial Statements for the Year Ended March 31, 2012

### 39 Earnings Per Share - Basic and Diluted:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Net Profit / (Loss) for the year as per Statement of Profit and Loss considered as numerator for calculating earnings per share	(80,442,842)	(75,007,053)
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
<b>Earnings Per Share</b>	<b>(5.14)</b>	<b>(4.79)</b>

### 40. Loans and Advances include amounts due from subsidiaries:

Name of the Company	Maximum Amount Outstanding during the year (Rs.)	Balance Outstanding as at March 31, 2012 (Rs.)
Rain Fruits & More Private Limited	17,922,195 (17,819,524)	17,922,195 (17,819,524)
Galaxy Rain Restaurants Private Limited	304,054 (300,745)	304,054 (300,745)

Figures in bracket are with respect to previous year.

### 41. Un-hedged Foreign Currency Exposure:

Un-hedged foreign currency exposures as at March 31, 2012 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Accounts Payable	USD 75,677	USD 79,350	Rs. 3,871,374	Rs. 3,542,977
Accounts payable	JPY 64,512,949	JPY 64,502,018	Rs. 40,275,434	Rs. 34,843,990

### 42. 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 the Statement of Profit and Loss:

Particulars	Year Ended March 31, 2012 (Rupees)
Employer's contribution to Provident Fund	813,218

#### II. Defined Benefit Plans

Gratuity (Non-Funded Scheme)

#### III. Other Long Term Employee Benefits

Leave Encashment (Non-Funded Scheme)

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

Discount Rate (per annum)	8.60%
Rate of increase in compensation levels (per annum)	10%
Attrition Rate	15%
Mortality Table	LIC(1994-96) Ultimate

on Financial Statements for the Year Ended March 31, 2012

The following tables summarise the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet for the above benefit plans:

**A. Changes in the Present Value of Obligation:**

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	1,702,858	1,582,869	2,345,902	2,155,235
Interest Cost	163,419	163,700	204,513	215,928
Current Service Cost	399,729	544,594	574,536	851,585
Benefits Paid	(119,703)	(162,437)	(728,046)	(615,444)
Actuarial (gain) / loss on Obligations	(267,036)	(654,148)	(798,445)	(1,024,435)
<b>Present Value of Defined Benefit Obligation as at the end of the period</b>	<b>1,879,267</b>	<b>1,474,578</b>	<b>1,702,858</b>	<b>1,582,869</b>

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

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	1,879,267	1,474,578	1,702,858	1,582,869
Fair Value of Plan Assets as at end of the period	-	-	-	-
<b>Funded Asset recognized in the Balance Sheet</b>	-	-	-	-
Included in provision (Schedule)				
Present Value of Unfunded Obligation as at end of the period				
Unrecognized Actuarial gains / (losses)	-	-	-	-
<b>Unfunded Liability recognized in the Balance Sheet</b>				
Included in –				
Long Term Provision	1,673,995	1,359,635	1,583,155	1,420,432
Short Term Provision	205,272	114,942	119,703	162,437

**C. Amount recognized in the Balance Sheet:**

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	1,879,267	1,474,578	1,702,858	1,582,869
Fair Value of Plan Assets as at end of the period	Nil	Nil	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	<b>1,879,267</b>	<b>1,474,578</b>	<b>1,702,858</b>	<b>1,582,869</b>

on Financial Statements for the Year Ended March 31, 2012

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

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	399,729	544,594	574,536	851,585
Past Service Cost	1,068	Nil	102,263	Nil
Interest Cost	163,419	163,700	204,513	215,928
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	(267,036)	(654,148)	(798,445)	(1,024,453)
<b>Total Expenses recognized in the Statement of Profit and Loss</b>	<b>297,180</b>	<b>54,146</b>	<b>82,867</b>	<b>43,078</b>

- 43.** Based on the available information with the management, the Company does not owe any sum to suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2012 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
- 44.** In the opinion of the Board, all assets other than fixed assets and non-current investments have value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 45.** As notified by the Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956, is applicable to the financial statement for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of the Revised Schedule VI.

**For and on behalf of the Board**

**Sunil Biyani**  
Director

**Udita Jhunjunwala**  
Director

**Rohinton Rabady**  
Manager

Place: Mumbai  
Dated: May 29, 2012

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

<b>Sr. No.</b>	<b>Name of Subsidiary Company</b>	<b>Galaxy Rain Restaurants Private Limited</b>	<b>Rain Fruits &amp; More Private Limited</b>
1	Financial year of the Subsidiary ended on	March 31, 2012	March 31, 2012
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. (Rs.)	   Nil  (587)	   Nil  (81,204)
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. (Rs.)	   Not Applicable  (350,661)	   Not Applicable  (45,413,895)

**For and on behalf of the Board**

Place : Mumbai  
Dated : May 29, 2012

**Sunil Biyani**  
Director

**Udita Jhunjunwala**  
Director

**Rohinton Rabady**  
Manager

**The Members:**

The Directors of **Galaxy Rain Restaurants Private Limited** have pleasure in presenting 12th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2012.

**Financial Results:**

Particulars	(Rs. In Lacs)	
	Current Year 2011-12	Previous Year 2010-11
Income	0.03	0.00
Expenses	0.04	0.05
Profit/(Loss) before Tax	(0.01)	(0.05)
Balance brought forward	(3.51)	(3.46)
Balance carried to Balance Sheet	(3.51)	(3.51)

**Year and Period under review:**

During the year under review, your company has not undertaken any business activities, the net loss of Rs. 0.01 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.

**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, 2012, 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, 2012 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 of  
Galaxy Rain Restaurants Private Limited**

Place: Mumbai  
Dated: May 29, 2012

**Rajneesh Agarwal**  
Director

**Rohinton Rabady**  
Director

To,  
The Members  
**GALAXY RAIN RESTAURANTS PRIVATE LIMITED**  
Mumbai.

We have audited the attached Balance Sheet and Statement of Profit & Loss of **GALAXY RAIN RESTAURANTS PRIVATE LIMITED**, as at 31<sup>st</sup> March 2012. 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 Statement of Profit & Loss dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012
    - ii) In the case of the Statement of Profit and Loss, 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**  
Partner  
Membership No.34618  
Place: Mumbai,  
Date: 29th May, 2012



# Balance Sheet

as at March 31, 2012

Galaxy Rain Restaurants Private Ltd.

Annual Report 2011-2012

	<b>Note No.</b>	<b>As at 31.03.12 Rupees</b>	<b>As at 31.03.11 Rupees</b>
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	<b>3</b>	100,000	100,000
Reserves and Surplus	<b>4</b>	(351,248)	(350,661)
		<u>(251,248)</u>	<u>(250,661)</u>
<b>2. Current Liabilities</b>			
Short-term Borrowings	<b>5</b>	304,054	300,745
Other current liabilities	<b>6</b>	4,187	6,909
		<u>308,241</u>	<u>307,654</u>
<b>TOTAL</b>		<u>56,993</u>	<u>56,993</u>
<b>II ASSETS</b>			
<b>1. Current Assets</b>			
Cash and Cash equivalents	<b>7</b>	56,993	56,993
<b>TOTAL</b>		<u>56,993</u>	<u>56,993</u>
<b>Significant Accounting Policies</b>	<b>2</b>		
<b>Accompanying notes are an integral part of the financial statement</b>	<b>3 to 14</b>		

As per our Report attached of even date

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

**Viren Gandhi**  
Partner  
M. No. : 34618  
Place: Mumbai  
Dated: May 29,2012

**For and on behalf of the Board**

**Rajneesh Agarwal**      **Rohinton Rabady**  
Director                      Director  
Place: Mumbai  
Dated: May 29,2012

# Statement of Profit And Loss

For The Year Ended 31st March 2012

Galaxy Rain Restaurants Private Ltd.

Annual Report 2011-2012

	<b>Note No.</b>	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
<b>I</b> Revenue from operations		-	-
<b>II</b> Other income	<b>8</b>	3,600	-
<b>III Total Revenue (I+II)</b>		<u>3,600</u>	<u>-</u>
<b>IV EXPENSES:</b>			
Other expenses	<b>9</b>	4,187	4,503
Total Expenses		<u>4,187</u>	<u>4,503</u>
<b>V. Profit/(Loss) before tax</b>		(587)	(4,503)
Current Tax		-	-
Deferred Tax		-	-
<b>Profit/(Loss)for the period</b>		<u>(587)</u>	<u>(4,503)</u>
<b>Earnings per equity share [Face value of share Rs. 10 each]</b>			
Basic		(0.06)	(0.45)
Diluted		(0.06)	(0.45)
<b>Significant Accounting Policies</b>	<b>2</b>		
<b>Accompanying notes are an integral part of the financial statement</b>	<b>3 to 14</b>		

As per our Report attached of even date

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

**Viren Gandhi**  
Partner  
M. No. : 34618  
Place: Mumbai  
Dated: May 29,2012

**For and on behalf of the Board**

**Rajneesh Agarwal**  
Director

**Rohinton Rabady**  
Director

Place: Mumbai  
Dated: May 29,2012

# Cash Flow Statement

for the year ended 31st March, 2012

Galaxy Rain Restaurants Private Ltd.

Annual Report 2011-2012

	<b>2011 -2012 Rupees</b>	<b>2010-2011 Rupees</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS) BEFORE TAX	(587)	(4,503)
Adjustment for :		
Depreciation	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(587)	(4,503)
Change in working capital :		
increase/ (Decrease) in other current liabilities	(2,722)	-
CASH GENERATED FROM /(USED IN) OPERATIONS	<b>(3,309)</b>	<b>(4,503)</b>
Taxes Paid	-	-
Net cash generated from operation before Extraordinary Items	-	-
Extraordinary Items	-	-
<b>NET CASH FROM OPERATING ACTIVITIES I</b>	<b><u>(3,309)</u></b>	<b><u>(4,503)</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Tangible and Intangible Assets	-	-
Interest received	-	-
<b>NET CASH FROM INVESTING ACTIVITIES II</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
repayment/ Proceeds From Unsecured Loan	3,309	4,503
Increase & (decrease) in Bank Borrowing	-	-
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES III</b>	<b><u>3,309</u></b>	<b><u>4,503</u></b>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	-	-
Cash & Cash Equivalents as at 01.04.2011 (Opening Balance)	56,993	56,993
Cash & Cash Equivalents as at 31.03.2012 (Closing Balance)	56,993	56,993
<b>Cash and cash equivalents comprise of :</b>	As on	As on
	31-Mar-12	31-Mar-11
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current accounts	56,893	56,893
- in Term Deposits	-	-
Total	<b><u>56,993</u></b>	<b><u>56,993</u></b>

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

**Viren Gandhi**  
Partner  
Membership No. : 34618

Place : Mumbai  
Date : May 29, 2012.

**For and on behalf of the Board**

**Rajneesh Agarwal**      **Rohinton Rabady**  
Director                      Director

Place : Mumbai  
Date : May 29, 2012.

**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 financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention on the basis of going concern. However, wherever recognition of revenue is postponed due to the effect of uncertainties, it is considered as revenue of the period in which it is realized

**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 differences between actual results and estimates are recognized in the 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.

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>3. Share Capital</b>		
<b>Authorised</b>		
10,000 Equity Shares of Rs.10/- each	100,000	100,000
<b>Issued, Subscribed and Paid-up</b>		
10,000 Equity shares of Rs.10/- each fully paid up	100,000	100,000
Add : Forfeited Shares Account	-	-
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	<b>100,000</b>	<b>100,000</b>

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

Particulars	As At 31.03.2012		As At 31.03.2011	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	10,000	100,000	10,000	100,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>10,000</b>	<b>100,000</b>	<b>10,000</b>	<b>100,000</b>

**b. Terms/rights attached to the Equity Shares:**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As At 31.03.2012		As At 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Galaxy Entertainment Corporation Limited	10000	100	10000	100

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>4. Reserves &amp; Surplus</b>		
<b>Surplus in the statement of profit and loss</b>		
Opening balance	(350,661)	(346,158)
Profit for the year	(587)	(4,503)
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
<b>Closing Balance</b>	<b>(351,248)</b>	<b>(350,661)</b>
Total	<b>(351,248)</b>	<b>(350,661)</b>

	<b>As At 31.03.2012 Rupees</b>	<b>As At 31.03.2011 Rupees</b>
<b>5. Short term Borrowings</b>		
Loan from Holding Company	304,054	300,745
Total	<u>304,054</u>	<u>300,745</u>
<b>6. OTHER CURRENT LIABILITIES</b>		
Liabilities for expenses	4,187	6,909
Total	<u>4,187</u>	<u>6,909</u>
<b>7. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents - Current</b>		
Balances with banks:		
In current accounts	56,893	56,893
Cash on hand	100	100
	<u>56,993</u>	<u>56,993</u>
<b>8. Other Income</b>		
	<b>Year Ended 31.03.2012 Rs.</b>	<b>Year Ended 31.03.2011 Rs.</b>
Other Non-operating Income	3,600	-
Total	<u>3,600</u>	<u>-</u>
<b>9. Other Expenses :</b>		
Filing Fees	816	1,194
Auditors' Remuneration - (Refer details below)		
<b>As Auditor:</b>		
Audit fee	3,000	3,000
<b>In other Capacity:</b>		
Service Tax and Educational Cess	<u>371</u>	<u>309</u>
	3,371	3,309
Less: Cenvat Credit of Service Tax & Cess	-	-
Total	<u>4,187</u>	<u>4,503</u>

**Notes on Financial Statements**

- 10.** 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.
- 11.** 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.
- 12.** 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, 2012 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	3,309 (4,503)
Outstanding as at year-end Loans payable	3,04,054 (3,00,745)

Note : Figures in bracket are with respect to previous year

**13. Earning per share**

Particulars	2011-2012 Rupees	2010-2011 Rupees
Net Profit/(Loss) for the year as per Profit & Loss account considered as numerator for calculating earnings per share	(587)	(4,503)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Nominal value per share	10	10
Earning per share Basic & diluted	(0.06)	(0.45)

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

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

**For Viren Gandhi & Co.**

Chartered Accountants  
Firm Regn No.111558W

**Viren Gandhi**

Partner  
Membership No. 34618

Place: Mumbai  
Dated: May 29, 2012

**For and on behalf of the Board**

**Rajneesh Agarwal**  
Director

**Rohinton Rabady**  
Director

## The Members:

The Directors of Rain Fruits & More Private Limited take pleasure in presenting the Seventh Annual Report on the operations of the company, together with the audited accounts for the period ended March 31, 2012.

## Financial Results:

Particulars	(Rs. In Lacs)	
	Current Year 2011-12	Previous Year 2010-11
Income from operations	11.18	2.86
Profit/(Loss) before Depreciation	(1.12)	1.42
Less: Depreciation	-	-
Profit/(Loss) before Tax	(1.12)	1.42

## Year and Period under review:

During the year under review, your Company has not undertaken any business activities; the net loss before tax of Rs. 1.12 lacs is on account of general expenses during the year.

## Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Uditia Jhunjunwala, 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.

## 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, 2012 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 Martinho Ferrao & 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. G. P. Sharma & 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  
Rain Fruits & More Private Limited**

Place: Mumbai  
Dated: May 29, 2012

**Udita Jhunjunwala**  
Director

**Rohinton Rabady**  
Director

**Registration No: U15130MH2005PTC156326**

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

To  
The Members,  
**Rain Fruits & More Private Limited**  
110/111, B-Wing,  
Shah & Nahar Industrial Estate,  
I. P. Marg, Off. Dr. E. Moses Road,  
Worli, Mumbai -400 018.

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 **31<sup>st</sup> March 2012** ("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 27th May 2011, 11th August 2011, 14th November 2011 and 07th February 2012 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 **31<sup>st</sup> March 2011** was held on **28<sup>th</sup> September 2011** 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 and the appointments of additional directors, alternate directors and directors to fill casual vacancies have been duly made.
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 2012 was within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act were passed in a duly convened 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 Martinho Ferrao & Associates  
Company Secretaries**

**Martinho Ferrao**

Proprietor  
C.P.No.: 5676

Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

## “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 31<sup>st</sup> March 2012.**

<b>Sr. No.</b>	<b>Form No./ Return</b>	<b>Filed under Section</b>	<b>For</b>	<b>Date of Filing</b>	<b>Whether filed within prescribed time Yes/No</b>	<b>If delay in filing whether requisite additional fee paid Yes/No</b>
1.	Form 66	383A	Secretarial Compliance Certificate	20/10/2011	Yes	No
2.	Form 20B	159	Annual Requirement	04/01/2012	No	Yes
3.	Form 23AC & Form 23ACA	220	Annual Requirement	23/12/2011	Yes	No

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 2012, the Statement of Profit and Loss 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit & Loss 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 2012 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 2012;
    - (ii) In so far as it relates to the Statement of Profit & Loss, of 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 G.P. Sharma & Associates**

Chartered Accountants  
Firm Regn. No. 130532W

**Gopal Prasad Sharma**  
**Proprietor**

Membership No. 124735

Place: Mumbai

Dated: May 29, 2012

## **ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF Rain Fruits & More Private Limited FOR THE YEAR ENDING 31st March 2012**

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) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- 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. 102,671/- 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. 17,922,195/-.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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 Rs. 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 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. 63,021,331/- accumulated losses as at the end of the year and the Company has incurred cash losses of Rs. 84,341/- during current and Rs. 109,726/- 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 According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19 The Company did not have any outstanding 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 G.P. Sharma & Associates**

Chartered Accountants  
Firm Regn. No. 130532W

**Gopal Prasad Sharma**

**Proprietor**  
Membership No. 124735

Place: Mumbai

Dated: May 29, 2012



# Balance Sheet

as at March 31, 2012

Rain Fruits & More Private Ltd.

Annual Report 2011-2012

	Note No.	Rupees	As at 31.03.12 Rupees	As at 31.03.11 Rupees
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
(a) Share Capital	<b>3</b>	17,345,920		17,345,920
(b) Reserves & Surplus	<b>4</b>	(35,275,409)		(35,162,923)
(c) Money received against share warrants		-	(17,929,489)	-
2 Share application money pending allotment		-		-
<b>3 Non- current liabilities</b>				
(a) Long term borrowings		-		-
(b) Deferred tax liabilities (Net)		-		-
(c) Other Long term liabilities		-		-
(d) Long-term provisions		-	-	-
<b>4 Current liabilities</b>				
(a) short term borrowings	<b>5</b>	17,922,195		17,819,524
(b) Trade Payables	<b>6</b>	1,095,694		1,150,266
(c) Other Current liabilities	<b>7</b>	51,281		76,281
(d) short-term provisions		-		-
			19,069,170	19,046,071
<b>TOTAL</b>			<b>1,139,681</b>	<b>1,229,068</b>
<b>II ASSETS</b>				
<b>Non- current assets</b>				
<b>1 ( a ) Fixed Assets</b>				
(i) Tangible Assets	<b>8</b>	819,379		819,379
(ii) Intangible Assets		-	819,377	-
(iii) Capital work-in-progress		-		819,379
(iv) Intangible assets under development		-		-
(b) Non-current investments		-	-	-
(c) Deferred Tax Assets (Net)		-	-	-
(d ) Long-term loans and advances	<b>9</b>	58,000		147,277
(e) other non-current assets	<b>10</b>	50,000	108,000	50,000
<b>2 Current assets</b>				
(a) Current investments		-		-
(b) Inventories		-		-
(c ) Trade receivables		-		-
(d) Cash and Bank Balances	<b>11</b>	212,302		212,412
(e ) short-term loans and advances		-		-
(f) other current assets		-		-
			212,302	212,412
<b>TOTAL</b>			<b>1,139,681</b>	<b>1,229,068</b>
Significant Accounting Policies	<b>2</b>			
Accompanying notes are an integral part of the financial statements	<b>3 to 29</b>			

As per our Report attached of even date

**For G.P. Sharma & Associates**

Chartered Accountants  
Firm Regn. No. 130532 W

**Gopal Prasad Sharma**

Proprietor  
M. No. 124735

Place: Mumbai  
Dated: May 29,2012

**For and on behalf of the Board**

**Rohinton Rabady**  
Director

**Udita Jhunjunwala**  
Director

Place: Mumbai  
Dated: May 29,2012

# Statement Profit and Loss

for the year ended 31st March 2012

Rain Fruits & More Private Ltd.

Annual Report 2011-2012

	Note No.	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
<b>I</b>			
Revenue from operations		-	-
<b>II</b>	<b>12</b>	1,117,799	285,670
<b>III Total Revenue (I+II)</b>		<u>1,117,799</u>	<u>285,670</u>
<b>IV EXPENSES:</b>			
Cost of Material Consumed		-	-
Employees benefits expense		-	-
Finance Costs		-	-
Depreciation and amortisation expenses		-	-
Other expenses	<b>13</b>	1,230,285	143,450
<b>Total Expenses</b>		<u>1,230,285</u>	<u>143,450</u>
<b>Profit before tax</b>		(112,486)	142,220
Current Tax		-	-
Earlier Year tax		-	2,950
Deferred Tax		-	-
<b>Profit for the year</b>		<u>(112,486)</u>	<u>139,270</u>

## Earnings per equity share [Nominal value of share Rs. 10 each]

Basic	(0.06)	0.08
Diluted	(0.06)	0.08

Significant Accounting Policies **2**  
 Accompanying notes are an integral part of the  
 financial statements **3 to 29**

As per our Report attached of even date

### For G.P. Sharma & Associates

Chartered Accountants  
 Firm Regn. No. 130532 W

### Gopal Prasad Sharma

Proprietor  
 M. No. 124735

Place: Mumbai  
 Dated: May 29,2012

### For and on behalf of the Board

**Rohinton Rabady**  
 Director

**Udita Jhunjunwala**  
 Director

Place: Mumbai  
 Dated: May 29,2012

# Cash Flow Statement

for the year ended March 31, 2012

Rain Fruits & More Private Ltd.

Annual Report 2011-2012

	2011-12		2010-11	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		(112,486)		142,220
Adjustment for :				
Depreciation / Impairment (Current Year)	-	-	-	-
Credit Balances written Back	(1,117,799)	-	-	-
Interest Income	-	-	(33,724)	-
Sundry Debit balances written off	1,145,944	28,145	-	(33,724)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(84,341)		108,496
(Increase)/ decrease in working capital:				
Trade and other receivables	(1,056,667)	-	-	-
Other Current Liabilities	-	-	-	-
Trade and other payables	1,038,227	(18,440)	(624,447)	(624,447)
<b>CASH USED IN OPERATIONS</b>		(102,781)		(515,951)
Payment of Taxes		-		47,815
<b>NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(102,781)</b>		<b>(468,136)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Sale of Fixed Assets		-		-
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>-</b>		<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Interest Received		-		33,724
Proceeds from Short Term Borrowings		102,671		262,555
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>102,671</b>		<b>296,279</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(110)</b>		<b>(171,857)</b>
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>		<b>212,412</b>		<b>384,269</b>
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>		<b>212,302</b>		<b>212,412</b>
<b>Cash and cash equivalents comprise of :</b>				
Cash & Bank Balances (Note No. 11)		212,302		212,412
<b>Total</b>		<b>212,302</b>		<b>212,412</b>

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

As per our Report attached of even date

**For G.P. Sharma & Associates**

Chartered Accountants  
Firm Regn. No. 130532 W

**Gopal Prasad Sharma**

Proprietor  
M. No. 124735

Place: Mumbai  
Dated: May 29,2012

**For and on behalf of the Board**

**Rohinton Rabady**  
Director

**Udita Jhunjunwala**  
Director

Place: Mumbai  
Dated: May 29,2012

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS AS AT MARCH 31, 2012****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. 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 notified under the Companies (Accounting Standard) Rules, 2006, as amended.

**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 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.

**d. Inventories**

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

**e. 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.

Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate.

**f. 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 realization supported by convincing evidences.

**g. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

**h. Cash and Cash Equivalents**

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

**i. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

	<b>As At 31.03.2012</b> <b>Rupees</b>	<b>As At 31.03.2011</b> <b>Rupees</b>
<b>3. Share Capital</b>		
<b>AUTHORISED</b>		
2,500,000 Equity Shares of Rs.10/- each (Previous Year 2,500,000 Equity Shares)	25,000,000	25,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,734,592 Equity Shares of Rs.10/- each fully paid-up ( Previous Year 1,734,592 Equity Shares )	17,345,920	17,345,920
Add : Forfeited Shares Account	-	-
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>17,345,920</b>	<b>17,345,920</b>

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

Particulars	As At 31.03.2012		As At 31.03.2011	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	1,734,592	17,345,920	1,734,592	17,345,920
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,734,592</b>	<b>17,345,920</b>	<b>1,734,592</b>	<b>17,345,920</b>

**b. Terms/rights attached to the equity shares**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As At 31.03.2012		As At 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Galaxy Entertainment Corporation Limited	1,252,142	72.19	1,252,142	72.19
Ridge hospitals Private Limited	482,450	27.81	482,450	27.81

**d. Aggregate numbers of Equity shares allotted as fully paid up.**

Particulars	Aggregate no. of shares				
	2007-08	2008-09	2009-10	2010-11	2011-12
Fully Paid up equity shares	750000	-	-	-	-

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>4. Reserves &amp; Surplus</b>		
<b>Security Premium account</b>	27,745,920	27,745,920
<b>Surplus in the statement of profit and loss</b>		
Opening balance	(62,908,843)	(63,048,113)
Profit/(Loss) for the year	(112,486)	139,270
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
<b>Closing Balance</b>	<b>(63,021,329)</b>	<b>(62,908,843)</b>
<b>Total Reserves and Surplus</b>	<b>(35,275,409)</b>	<b>(35,162,923)</b>
<b>5. Short Term Borrowings</b>		
a) Loan From Holding Company	17,922,195	17,819,524
	<b>17,922,195</b>	<b>17,819,524</b>
<b>6) Trade Payables</b>	1,095,694	1,150,266
(refer note 23 for micro and small enterprises)	<b>1,095,694</b>	<b>1,150,266</b>
<b>7) Other Current Liabilities</b>		
Liabilities for expenses	51,281	76,281
	<b>51,281</b>	<b>76,281</b>
<b>8) Tangible Assets</b>		
[at cost less Depreciation/Amortisation/Impairment]		

Amount in Rupees

Particulars	Gross Block			Depreciation / Amortisation/Impairment					Net Block		
	As at 01.04.2011	Addition	Deduction/ -	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	Provision for Impairment as at 01.04.2011	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Plant and Machinery	16,202,963	-	-	16,202,963	8,568,791	-	-	6,843,386	15,412,177	790,786	790,786
Computer Software	582,760	-	-	582,760	466,005	-	-	88,162	554,167	28,593	28,593
<b>SUB TOTAL</b>	16,785,723	-	-	16,785,723	9,034,796	-	-	6,931,548	15,966,344	819,379	819,379
Previous Year	16,785,723	-	-	16,785,723	9,034,796	-	-	6,931,548	15,966,344	819,379	

**9. Loans and Advances**

	Non-current		Current	
	31.03.2012 Rupees	31.03.2011 Rupees	31.03.2012 Rupees	31.03.2011 Rupees
<b>Security Deposits</b>				
Unsecured, Considered Good	-	-	-	-
Doubtful	529,983	1,145,143	-	-
	529,983	1,145,143	-	-
Less: Provision for doubtful Security Deposit	471,983	1,087,143	-	-
(a)	58,000	58,000	-	-
<b>Other Loans and Advances</b>				
Advance Income tax	-	89,277	-	-
Advances to creditors	-	-	-	-
<b>Total (a+b+c)</b>	<b>58,000</b>	<b>147,277</b>	<b>-</b>	<b>-</b>

**10. OTHER NON-CURRENT ASSETS**

	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.
Fixed Deposit with Bank	50,000	50,000
(under Lien against Bank Guarantee)	<u>50,000</u>	<u>50,000</u>

**11. CASH AND BANK BALANCES**

Cash and cash equivalents - Current

Balances with banks:

In current accounts

In unpaid dividend accounts

Cash on hand

211,726	211,836
-	-
576	576
<u>212,302</u>	<u>212,412</u>

**12. Other Income****Interest on**

Interest Received

Credit Balances Written Back

Provision no longer required, written back

	Year Ended 31.03.2012	Year Ended 31.03.2011
	Rs.	Rs.
-	-	33,724
1,117,799	1,117,799	4,791
-	-	247,155
<u>1,117,799</u>	<u>1,117,799</u>	<u>285,670</u>

**13. Other Expenses :**

Legal &amp; Professional Fees

Bank Charges

Other Expenses

Sundry Debit balances w/off

Auditors' Remuneration - (Refer details below)

**As Auditor:**

Audit fee

Tax Audit Fee

**In other Capacity:**

Service Tax and Educational Cess

Reimbursement of expenses

Less: Cenvat Credit of Service Tax &amp; Cess

13,000	28,236
110	22,341
56,231	77,873
1,145,944	-
15,000	15,000
-	-
-	-
-	-
15,000	15,000
-	-
15,000	15,000
<u>1,230,285</u>	<u>143,450</u>



**Notes on Financial Statements**

**14.** 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.

**15.** 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.

**16. Impairment**

- a. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. (item iii to be given in the second year of impairment and onwards)
- c. 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.

**17.** Balances of sundry debtors, creditors, loans and advances are subject to confirmation.

**18.** 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.

**19.** No Provision for the retirement benefits has been made for the year as there is no employee in the company at the year end.

**20. 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 2011-12.

**21. 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 31<sup>st</sup> March 2012 is as under:

**a. List of Related party.****(i) Company**

Galaxy Entertainment Corporation Ltd. (Holding company)

**b. Transactions with Related Parties**

<b>Nature Of Transactions</b>	<b>Name of Party</b>	<b>Amount (In Rs.)</b>
Loan Received	Galaxy Entertainment Corporation Ltd	1,02,671 (2,90,243)
Outstanding at Year end: Capital Contribution		3,54,91,840 (3,54,91,840)
Loan Repayable		17,922,195 (17,819,524)

Figures in bracket are with respect to previous year.

**22. Earning Per Share- Basic and Diluted:**

<b>Particular</b>	<b>2011-2012 Rupees</b>	<b>2010-2011 Rupees</b>
Net Profit (Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share	(1,12,486)	1,39,270
Weighted averages number of equity shares outstanding during the year	17,34,592	17,34,592
Nominal Value per share	10	10
Earning per shares- Basic and Diluted	(0.06)	0.08

**23.** 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, 2012 in terms of the provisions of "The Micro Small Medium Enterprises Development Act, 2006".

**24.** 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.

**25.** No deferred tax assets have been recognized due to non virtual reasonable certainty of its realization.

**26.** Expenditure in Foreign currency : Rs. Nil (Previous year Rs. Nil)

**27.** Earning in Foreign Currency : Rs. Nil (Previous year Rs. Nil)

**28.** The figures have been rounded to nearest Rupees.

**29.** As notified by the Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956, is applicable to the financial statement for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of the Revised Schedule VI.

**For G.P. Sharma & Associates**

Chartered Accountants  
Firm Regn. No. 130532 W

**Gopal Prasad Sharma**

Proprietor  
M. No. 124735

Place: Mumbai  
Dated: May 29,2012

**For and on behalf of the Board**

**Rohinton Rabady**  
Director

**Udita Jhunjunwala**  
Director

Place: Mumbai  
Dated: May 29,2012

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GALAXY ENTERTAINMENT CORPORATION LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GALAXY ENTERTAINMENT CORPORATION LIMITED AND ITS SUBSIDIARIES**

We have examined the attached consolidated Balance Sheet of Galaxy Entertainment Corporation Limited and its subsidiaries as at March 31, 2012 and the consolidated Statement of Profit and Loss 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 statement presentation. 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. 11,96,672/- as at March 31, 2012, total revenues of Rs. 11,21,399/- and net negative cash flows of Rs. 110/- for the year ended. These financial statements have been audited by other auditors whose report have 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 Statement of Profit and Loss 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 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 March 31, 2012;
  - b) in so far it relates to the consolidated Statement of Profit and Loss, consolidated results of operations of Galaxy Entertainment Corporation Limited and its subsidiaries for the year then ended; and
  - 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: May 29, 2012

# Consolidated Balance Sheet

as at March 31, 2012

**galaxy**  
ENTERTAINMENT CORPORATION LIMITED

	Note No	Rupees	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
( a ) Share Capital	<b>3</b>	156,499,350		156,499,350
( b ) Reserves & Surplus	<b>4</b>	(198,308,452)		(117,752,534)
( c ) Money Received against share warrants			(41,809,102)	38,746,816
<b>2 Minority Interest</b> (Refer Note No.36)				
		-		-
<b>3 Non-Current Liabilities</b>				
( a ) Long Term Borrowings	<b>5</b>	71,994,000		127,794,000
( b ) Deferred Tax Liabilities (Refer Note No. 37)		-		-
( c ) Other Long Term Liabilities	<b>6</b>	5,738,888		6,294,444
( d ) Long Term Provisions	<b>7</b>	3,033,630		3,003,587
			80,766,518	137,092,031
<b>4 Current Liabilities</b>				
( a ) Short Term Borrowings	<b>8</b>	108,478,084		68,676,659
( b ) Trade Payables	<b>9</b>	57,075,944		44,236,142
( c ) Other Current Liabilities	<b>10</b>	151,431,526		98,641,011
( d ) Short Term Provisions	<b>11</b>	320,214		282,140
			317,305,768	211,835,952
<b>Total</b>			<b>356,263,184</b>	<b>387,674,799</b>
<b>II ASSETS</b>				
<b>1 Non Current Assets</b>				
( a ) Fixed Assets				
(i) Tangible Assets	<b>12</b>	264,370,231		324,104,019
(ii) Intangible Assets	<b>13</b>	241,024		1,050,335
			264,611,255	325,154,354
(iii) Capital Work-in-Progress			-	-
(iv) Intangible Assets Under Development			-	-
( b ) Non Current Investments	<b>14</b>		63,000	63,000
( c ) Deferred Tax Assets ( refer note No. 37)			-	-
( d ) Long Term Loans and Advances	<b>15</b>		23,083,627	20,967,290
( e ) Other Non Current Assets	<b>16</b>		12,726,214	13,167,507
<b>2 Current Assets</b>				
( a ) Current Investments				
( b ) Inventories	<b>17</b>	2,362,622		4,620,776
( c ) Trade Receivables	<b>18</b>	43,571,495		10,893,157
( d ) Cash and Bank Balances	<b>19</b>	831,086		1,328,129
( e ) Short Term Loans and Advances	<b>15</b>	7,731,044		7,919,573
( f ) Other Current Assets	<b>20</b>	1,282,841		3,561,013
			55,779,088	28,322,648
<b>Total</b>			<b>356,263,184</b>	<b>387,674,799</b>

Significant Accounting Policies **2**

Accompanying notes are an integral part of the financial statements

As per our Report of even date attached

**3 to 45**

**For Haribhakti & Co.**

Chartered Accountants  
Firm Regn. No. 103523W

**For and on behalf of the Board**

**Chetan Desai**

Partner  
Membership No. 17000

**Sunil Biyani**

Director

**Udita Jhunjunwala**

Director

**Rohinton Rabady**

Manager

Place : Mumbai  
Dated: May 29, 2012

Place : Mumbai  
Dated: May 29, 2012

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2012



	Note No.	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
<b>I REVENUE</b>			
( a ) Revenue From Operations	21	166,467,374	272,513,250
( b ) Other Income	22	8,306,333	8,279,782
<b>Total Revenue</b>		<b><u>174,773,707</u></b>	<b><u>280,793,032</u></b>
<b>II EXPENSES</b>			
( a ) Consumption of Restaurant Supply & Gaming Expenses	23	34,695,008	44,574,937
( b ) Employees Benefits Expense	24	33,501,849	50,050,546
( c ) Finance Costs	25	37,624,488	33,024,961
( d ) Depreciation and Amortisation Expenses	26	54,265,317	58,425,080
( e ) Other Expenses	27	95,242,963	167,183,355
<b>Total Expenses</b>		<b><u>255,329,625</u></b>	<b><u>353,258,879</u></b>
<b>Profit Before Tax</b>		(80,555,918)	(72,465,847)
<b>Tax Expenses</b>			
Current Tax		-	-
Earlier Year Tax		-	1,895,452
Deferred Tax		-	-
<b>Profit After Tax</b>		<b><u>(80,555,918)</u></b>	<b><u>(74,361,299)</u></b>
Minority Interest in loss of the subsidiaries (Refer Note No. 36)		-	-
Balance carried to Balance Sheet		<b><u>(80,555,918)</u></b>	<b><u>(74,361,299)</u></b>
<b>Earnings per Equity Share (face value of Rs. 10 each)</b>			
Basic and Diluted	37	<b>(5.15)</b>	<b>(4.75)</b>

Significant Accounting Policies 2  
 Accompanying notes are an integral part of the financial statements 3 to 45

As per our Report of even date attached

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

**Chetan Desai**  
 Partner  
 Membership No. 17000

Place : Mumbai  
 Dated: May 29, 2012

**For and on behalf of the Board**

**Sunil Biyani**   **Udita Jhunjunwala**   **Rohinton Rabady**  
 Director   Director   Manager

Place : Mumbai  
 Dated: May 29, 2012



# Consolidated Cash Flow Statement

for the year ended March 31, 2012



	2011-12		2010-11	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		(80,555,918)		(72,465,847)
Adjustment for :				
Depreciation for the year	54,265,317		58,425,080	
Interest expense	37,624,488		33,024,961	
Interest income	(1,151,742)		(3,884,886)	
(Gain)/Loss on foreign exchange fluctuation	5,994,510		4,187,783	
(Profit) /Loss on sale of Fixed Assets	(5,000)		(1,102,659)	
Sundry Assets W/off	6,884,993		20,540,312	
Sundry balances written back	(5,455,781)		-	
Bad debts written off	-	98,156,785	326,350	111,516,941
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		17,600,867		39,051,094
(Increase)/ decrease in working capital:				
Inventories	2,258,154		3,532,025	
Trade & Other Receivables	(33,509,956)		10,187,781	
Trade & Other Payables	64,604,149		(20,619,573)	
Other Current Assets	2,278,172		228,711	
		35,630,519		(6,671,056)
<b>CASH USED IN OPERATIONS</b>		53,231,386		32,380,038
Payment of Taxes (Net of Refunds)		(654,897)		3,144,589
<b>NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES (A)</b>		<b>52,576,489</b>		<b>35,524,627</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets/Capital Advances paid		(607,213)		4,467,274
Sale Proceeds of Fixed Assets/Capital Advances paid		5,000		-
(Increase in) / Redemption of Investments		-		(3,000)
Interest received		1,151,744		4,136,223
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)</b>		<b>549,531</b>		<b>8,600,497</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from / (Repayment of) borrowings		(15,998,575)		(12,434,231)
Interest Paid		(37,624,488)		(33,024,961)
<b>NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)</b>		<b>(53,623,063)</b>		<b>(45,459,192)</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(497,043)</b>		<b>(1,334,068)</b>
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>		<b>1,328,129</b>		<b>2,662,197</b>
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>		<b>831,086</b>		<b>1,328,129</b>
<b>Cash and cash equivalents comprise of :</b>				
Cash & Bank Balances (Note Nos. 19)		831,086		1,328,129
<b>Total</b>		<b>831,086</b>		<b>1,328,129</b>

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

As per our report attached of even date

**For Haribhakti & Co.**

Chartered Accountants  
Firm Regn No.103523W

**For and on behalf of the Board**

**Chetan Desai**  
Partner  
Membership No. 17000

**Sunil Biyani**  
Director

**Udita Jhunjunwala**  
Director

**Rohinton Rabady**  
Manager

Place: Mumbai  
Dated: May 29, 2012

on Consolidated Financial Statements for the Year Ended March 31, 2012

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 1. Background

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centres across the country and as at the balance sheet date it has 14 centres 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) notified under the Companies (Accounting Standards) Rules, 2006 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 principle and procedures required for the preparation and presentation of financial statements as laid down under the Accounting Standard (AS-21) notified under the Companies (Accounting Standards) Rules, 2006 and pronouncement issued by the Institute of Chartered Accountants of India. The financial statements of the parent and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and resulting unrealized gain/losses.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent's separate financial statements.

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

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

Name of the entity	Country of Incorporation	Proportion of ownership interest/ voting power (%)
Galaxy Rain Restaurants Private Limited	India	100
Rain Fruits & More Private Limited	India	72.19

#### d. Tangible Assets and Depreciation

Tangible assets are stated at their original cost of acquisition or construction less accumulated depreciation. Costs include all costs incurred to bring the assets to their present condition and location.

Depreciation is charged on Straight Line Method at the rates prescribed in Schedule XIV to the Companies

on Consolidated Financial Statements for the Year Ended March 31, 2012

Act, 1956, or based on estimated useful life of assets (keeping in view the nature of operations), whichever is higher. The depreciation rates used are as follows:

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

In case of 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 Assets and Amortisation

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

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

Particulars	Rate
Intangibles License	20%

#### f. Impairment of Assets

An asset is treated as impaired when the carrying value of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### g. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" notified under the Companies (Accounting Standard) Rules, 2006, as amended. 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 Statement of Profit and Loss. Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

#### h. Inventories

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

#### i. Revenue recognition

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.



on Consolidated Financial Statements for the Year Ended March 31, 2012

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

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

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

Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable rate.

**j. Retirement and other employee benefits**

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

**k. Taxes on income**

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 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 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.

**l. 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 Statement of Profit and Loss.

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 Statement of profit & loss.

**m. Leases**

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

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

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

**n. Earnings Per Share**

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

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

**o. Cash and Cash equivalents**

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

**p. Borrowing Costs**

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

**q. Provisions, Contingent Liabilities and Contingent Assets**

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

on Consolidated Financial Statements for the Year Ended March 31, 2012

	<u>As At 31.03.2012</u> Rupees	<u>As At 31.03.2011</u> Rupees
<b>3. Share Capital</b>		
<b>Authorised</b>		
20,000,000 Equity Shares of Rs.10/- each (Previous Year 20,000,000 Equity Shares)	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
15,649,935 Equity Shares of Rs.10/- each fully paid-up (Previous Year 15,649,935 Equity Shares)	156,499,350	156,499,350
Add : Forfeited Shares Account	-	-
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	<u><b>156,499,350</b></u>	<u><b>156,499,350</b></u>

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

Particulars	As At 31.03.2012		As At 31.03.2011	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	15,649,935	156,499,350	15,649,935	156,499,350
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>15,649,935</b>	<b>156,499,350</b>	<b>15,649,935</b>	<b>156,499,350</b>

**b. Terms/rights attached to the Equity Shares:**

The Company has one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As At 31.03.2012		As At 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Pantaloon Retail India Ltd.	4,937,935	31.55	4,937,935	31.55
Bellona Finvest Limited	3,686,491	23.56	3,686,491	23.56
Eclipse Trade Pvt. Ltd.	1,029,432	6.58	-	-
Merlin Enclaves pvt. Ltd.	895,626	5.72	895,626	5.72
Winstar India Investment Co. Ltd.	-	-	1,061,530	6.78

**d. Aggregate numbers of Equity shares allotted as fully paid up pursuant to the contract without payment received in cash:**

Particulars	Aggregate no. of shares				
	2007-08	2008-09	2009-10	2010-11	2011-12
Fully Paid up equity shares	2937935	-	-	-	-

on Consolidated Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b> <b>Rupees</b>	<b>As At 31.03.2011</b> <b>Rupees</b>
<b>4. Reserves &amp; Surplus</b>		
Security Premium account	318,497,460	318,497,460
<b>Other Reserves</b>		
<b>General Reserve</b>		
Opening Balance	18,062,972	18,062,972
Add: Amount transferred from surplus balance of statement of Profit and Loss	-	-
	<u>18,062,972</u>	<u>18,062,972</u>
Less: Adjustment	-	-
<b>Closing Balance</b>	<u>18,062,972</u>	<u>18,062,972</u>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	(454,312,966)	(379,951,667)
Profit/(Loss) for the year	(80,555,918)	(74,361,299)
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
<b>Closing Balance</b>	<u>(534,868,884)</u>	<u>(454,312,966)</u>
<b>Total Reserves and Surplus</b>	<b><u>(198,308,452)</u></b>	<b><u>(117,752,534)</u></b>
<b>5. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loan from Banks	71,994,000	127,794,000
(Rs.4,68,00,000 is payable annually in four quarterly equal installment and interest rate is between 15% and 15.75% p.a) (Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company and personal guarantee of one of the Promoters) (Current maturities of Long Term Loans have been disclosed under Other Current Liabilities in Note No. 10)		
<b>Total</b>	<b><u>71,994,000</u></b>	<b><u>127,794,000</u></b>
<b>6. Other Long Term Liabilities</b>		
Deposits	5,100,000	5,100,000
Income Received in Advance	638,888	1,194,444
<b>Total</b>	<b><u>5,738,888</u></b>	<b><u>6,294,444</u></b>
<b>7. Long Term Provisions</b>		
Provision for Employees Benefits		
Gratuity	1,673,995	1,583,155
Leave Encashment	1,359,635	1,420,432
<b>Total</b>	<b><u>3,033,630</u></b>	<b><u>3,003,587</u></b>

on Consolidated Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012 Rupees</b>	<b>As At 31.03.2011 Rupees</b>
<b>8. Short Term Borrowings</b>		
<b>Secured</b>		
Working Capital Loan Repayable on Demand from Banks (Secured against hypothecation charge on entire present and future movable fixed/current assets of the company and personal guarantee of one of the Promoters)	3,578,084	6,676,659
<b>Unsecured from others</b>		
Inter Corporate Deposit (ICD)	104,900,000	62,000,000
<b>Total</b>	<b>108,478,084</b>	<b>68,676,659</b>
In respect of interest on ICD, detail of defaults as on the balance sheet date are as under: <u>Period and Amount of Default</u> (a) in respect of one party, 12 months Rs. 7,814,677. (b) in respect of other party, 6 months Rs. 1,337,978.		
<b>9. Trade Payables</b>		
Micro, Small & Medium Enterprises (Refer Note No. 43)	-	-
Others	57,075,944	44,236,142
<b>Total</b>	<b>57,075,944</b>	<b>44,236,142</b>
<b>10. Other Current Liabilities</b>		
Current Maturities of Long Term Debts (Refer Note No. 5)	46,800,000	46,800,000
Interest Accrued & Due	11,427,736	2,419,331
Payable Towards Capital Goods	41,049,464	36,917,233
Other Advances (Refer Note No. 32)	25,000,000	-
Salary & Reimbursements Payable	4,242,425	6,179,712
Contribution to PF	67,996	101,400
Advances from Customers	5,944	31,138
Statutory Dues	1,894,904	1,793,074
Income Received in Advance - Current Portion	555,556	555,556
Book Overdraft	1,807,176	-
Liabilities for Expenses	18,580,325	3,166,676
Retention Money	-	676,891
<b>Total</b>	<b>151,431,526</b>	<b>98,641,011</b>
<b>11. Short Term Provisions</b>		
Provision for Employees Benefits		
Gratuity	205,272	119,703
Leave Encashment	114,942	162,437
<b>Total</b>	<b>320,214</b>	<b>282,140</b>

**Note No. 12: Tangible Assets  
(Valued at Cost less Depreciation/Impairment)**

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Impairment					Net Block		
	As at 01.04.2011	Addition	Acquisition through Business Combination	Deductions	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	Provision for Impairment as at 1.04.2011	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Improvements to Licensed Premises	61,496,937	350,000	-	1,277,833	60,569,104	20,361,339	6,605,023	1,276,148	-	25,690,214	34,878,890	41,135,598
Plant and Machinery	426,466,965	148,505	-	10,465,332	416,150,138	155,187,727	40,846,293	5,110,854	6,843,386	197,766,552	218,383,586	264,435,851
Furniture and Fixtures	43,566,443	108,708	-	6,415,753	37,259,398	25,652,826	5,530,578	4,886,971	-	26,296,433	10,962,965	17,913,617
Computers	3,482,631	-	-	-	3,482,631	2,775,567	474,112	-	88,162	3,337,841	144,790	618,902
Motor Car	881,695	-	-	881,695	-	881,644	-	881,644	-	-	-	51
<b>Total</b>	<b>535,894,671</b>	<b>607,213</b>	<b>-</b>	<b>19,040,613</b>	<b>517,461,271</b>	<b>204,859,103</b>	<b>53,456,006</b>	<b>12,155,617</b>	<b>6,931,548</b>	<b>253,091,040</b>	<b>264,370,231</b>	<b>324,104,019</b>
<b>Previous Year</b>	<b>597,414,344</b>	<b>26,928,199</b>	<b>-</b>	<b>88,447,872</b>	<b>535,894,671</b>	<b>184,001,784</b>	<b>57,556,290</b>	<b>36,698,971</b>	<b>6,931,548</b>	<b>211,790,651</b>	<b>324,104,020</b>	

**Note No. 13: Intangible Assets  
(Valued at Cost less Amortisation/Impairment)**

(Amount in Rs.)

Particulars	Gross Block				Amortisation / Impairment					Net Block		
	As at 01.04.2011	Addition	Acquisition through Business Combination	Deductions	As at 31.03.2012	As at 01.04.2011	For the year	Deductions	Provision for Impairment as at 1.04.2011	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Intangibles</b>												
Goodwill on Consolidation	13,380,922	-	-	-	13,380,922	13,380,922	-	-	-	13,380,922	-	-
Rights of Film Khel /Brand	86,512,743	-	-	-	86,512,743	86,512,743	-	-	-	86,512,743	-	-
Liquor License	4,035,500	-	-	-	4,035,500	2,985,165	809,311	-	-	3,794,476	241,024	1,050,335
<b>Total</b>	<b>103,929,165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,929,165</b>	<b>102,878,830</b>	<b>809,311</b>	<b>-</b>	<b>-</b>	<b>103,688,141</b>	<b>241,024</b>	<b>1,050,335</b>
<b>Previous Year</b>	<b>106,274,665</b>	<b>-</b>	<b>-</b>	<b>2,345,500</b>	<b>103,929,165</b>	<b>102,963,662</b>	<b>868,790</b>	<b>953,622</b>	<b>-</b>	<b>102,878,830</b>	<b>1,050,335</b>	

**14. Non Current Investments**

Sr. No.	Details of Investments - (valued at cost unless stated otherwise)									
	Name of the Body Corporate	Subsidiary/ Associate/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount in Rupees	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	<b>Other Investments</b>									
	National Saving Certificates (Under Lien)								63,000	63,000
	<b>Total Non Current Investments</b>								<b>63,000</b>	<b>63,000</b>

Particulars	31.03.2012	31.03.2011
	Rs.	Rs.
Aggregate amount of quoted investments (Market value Rs. NIL(Previous year Rs. Nil))	-	-
Aggregate amount of Unquoted Investments	63,000	63,000
Aggregate Provision for Diminution in Value of Investments	-	-

on Consolidated Financial Statements for the Year Ended March 31, 2012

**15. Loans and Advances**

	Long Term		Short Term	
	31.03.2012 Rupees	31.03.2011 Rupees	31.03.2012 Rupees	31.03.2011 Rupees
<b>Security Deposits</b>				
Unsecured, Considered Good	21,426,627	20,580,347	80,499	132,472
Less: Provision for Doubtful Deposits	471,983	1,087,143	-	-
Total (a)	20,954,644	19,493,204	80,499	132,472
<b>Other Loans and Advances ( Unsecured, Considered Good)</b>				
Advance Fringe Benefit Tax ( Net of Provision)	45,828	45,828	-	-
Advance Income tax	2,083,155	1,428,258	-	-
Advances to Creditors	-	-	962,481	644,152
Advance to Employees for Expenses	-	-	996,337	531,305
Service Tax Receivables	-	-	-	1,807
Prepaid Expenses	-	-	2,351,760	2,630,333
Dues from Others	-	-	1,674,792	2,105,604
Advance Sales Tax/Entertainment Tax Paid	-	-	1,665,175	1,873,900
Total (b)	2,128,983	1,474,086	7,650,545	7,787,101
<b>Total (a+b)</b>	<b>23,083,627</b>	<b>20,967,290</b>	<b>7,731,044</b>	<b>7,919,573</b>

**16. Other Non Current Assets**

Fixed Deposits with Bank (under Lien against Bank Guarantee)	12,726,214	13,167,507
<b>Total</b>	<b>12,726,214</b>	<b>13,167,507</b>

**17. Inventories**

(Valued of Cost or NRV, whichever is lower)

Restaurants supplies and consumables	2,362,622	2,291,310
Video Games Consumables	-	2,329,466
<b>Total</b>	<b>2,362,622</b>	<b>4,620,776</b>

**18. Trade Receivable**

Trade Receivables outstanding for a period less than six months from the date they are due for payment:

(a) Secured, considered good	20,170,769	-
(b) Un-secured, considered good	2,678,335	8,977,527
(c) Un-secured, considered doubtful	-	-
	22,849,104	8,977,527
Less: Provision for doubtful debts	-	-
	22,849,104	8,977,527

Trade Receivables outstanding for a period exceeding six months from the date they are due for payment:

(a) Secured, considered good	-	-
(b) Un-secured, considered good	20,722,391	1,915,630
(c) Un-secured, considered doubtful	-	-
	20,722,391	1,915,630
Less: Provision for doubtful debts	-	-
	20,722,391	1,915,630
<b>Total</b>	<b>43,571,495</b>	<b>10,893,157</b>

on Consolidated Financial Statements for the Year Ended March 31, 2012

	<b>As At 31.03.2012</b>	<b>As At 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>19. Cash &amp; Bank Balances</b>		
Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	594,345	863,219
In Unpaid Dividend Accounts	-	-
Cash on Hand	236,741	464,910
<b>Total</b>	<b>831,086</b>	<b>1,328,129</b>
<b>20. Other Current Assets</b>		
Interest Accrued on Fixed Deposits	1,282,841	250,525
Interest Accrued on Inter Corporate Deposits	-	3,310,488
<b>Total</b>	<b>1,282,841</b>	<b>3,561,013</b>
<b>21. Revenue From Operation</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Sale of Services</b>		
Games	10,452,536	125,497,232
Restaurants	111,243,818	128,330,410
Sponsorships	991,476	1,523,266
	122,687,830	255,350,908
<b>Other Operating Income</b>		
Income from Machine Hire Charges	37,875,248	14,701,756
Business Conducting Income	1,075,000	-
Service Charges Received	4,549,931	2,121,067
Scrap Sale	279,365	43,779,544
	339,519	17,162,342
<b>Total</b>	<b>166,467,374</b>	<b>272,513,250</b>
<b>22. Other Income</b>		
Interest on Bank Deposits	1,151,742	1,031,850
Interest - Others	-	2,853,036
Miscellaneous Income	1,698,810	1,726,019
Provision no longer required, written back	5,455,781	2,668,877
<b>Total</b>	<b>8,306,333</b>	<b>8,279,782</b>
<b>23. Consumption of Restaurant Supply and Gaming Expenses</b>		
Games Expenses	-	5,333,416
Wine, Liquor, Beverage, Tobacco & Food Consumables	34,695,008	39,241,521
<b>Total</b>	<b>34,695,008</b>	<b>44,574,937</b>
<b>24. Employee Benefit Expenses</b>		
Salaries, Wages, Bonus and Ex-gratia	31,137,384	46,329,046
Gratuity (Refer Note No. 42)	242,079	45,533
Contribution to Provident and other Funds	1,600,020	2,606,129
Staff Welfare Expenses	522,366	1,069,838
<b>Total</b>	<b>33,501,849</b>	<b>50,050,546</b>



on Consolidated Financial Statements for the Year Ended March 31, 2012

	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
<b>25. Finance Costs</b>		
Interest on ICD	13,575,328	7,329,888
Interest on Term Loan	23,057,776	24,687,338
Interest on Cash Credit	991,384	1,006,914
Interest on others	-	821
<b>Total</b>	<b><u>37,624,488</u></b>	<b><u>33,024,961</u></b>
<b>26. Depreciation and Amortisation Expenses</b>		
Depreciation on Tangible Assets	53,456,006	57,556,290
Amortisation on Intangible Assets	809,311	868,790
<b>Total</b>	<b><u>54,265,317</u></b>	<b><u>58,425,080</u></b>
<b>27. Other Expenses :</b>		
Fuel, Power & Light	8,124,584	18,440,319
Repairs & Maintenance		
-Building	239,074	254,883
-Machinery	2,459,558	6,274,374
-Others	2,409,238	2,384,568
Insurance	1,187,725	1,701,261
Rent	41,809,973	80,623,777
Rates and Taxes	4,719,084	10,855,795
Travelling and Conveyance Expenses	2,135,606	3,637,147
Legal and Professional Fees	2,975,813	3,392,052
Advertisement and Publicity	4,163,139	4,775,494
Printing and Stationery	539,875	836,744
Communication Expenses	891,229	1,439,929
Provision for Diminution in Investment/loan & advances in Subsidiaries	-	-
Bank Charges	88,767	203,492
Sundry debit balance Written off	5,903,499	1,596,973
Security Charges	1,254,681	2,312,798
Commission on Credit Card	1,061,876	1,244,614
Sundry Expenses	1,133,567	994,667
Bad Debts Written off	76,060	326,350
Directors' Sitting Fees	160,000	175,000
Sundry Assets Write Off	6,884,993	20,540,312
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency	5,994,510	4,187,783
Auditors' Remuneration		
<b>As Auditor:</b>		
Audit fee	518,000	518,000
Tax Audit fee	100,000	100,000
<b>In other Capacity:</b>		
Limited Review	300,000	300,000
Service Tax and Educational Cess	105,431	93,009
Reimbursement of expenses	6,681	4,914
	1,030,112	1,015,923
Less: Cenvat Credit of Service Tax & Cess	-	30,900
<b>Total</b>	<b><u>95,242,963</u></b>	<b><u>167,183,355</u></b>

on Consolidated Financial Statements for the Year Ended March 31, 2012

## Notes on Financial Statements

### 28. Capital and Other Commitments

#### a) Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous Year Rs. Nil).

#### b) Other Commitment

The Company has entered into certain non-cancellable agreements with landlord for premises. Commitment toward the same is Rs. 2,170,000 (Previous Year Rs. 648,252).

### 29. Contingent Liabilities not provided for:

- a) In respect of guarantees given by banks of Rs. 11,533,959 (Previous Year Rs. 10,383,500)
- b) In respect of disputed tax demand not provided as following:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Entertainment Tax Demand	1,603,718	-
Indirect Tax Demand	2,168,316	2,168,316

- c) Claims on accounts of service Tax on rental premises consequent to retrospective charge of service on renting activity by Finance Act 2010. Amount which is not demanded has not been provided.
- d) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfill export obligation by October 2015. Outstanding as at balance sheet date is Rs. 529,663,942 (Previous Year Rs. 529,663,942).

**30.** Improvements to Leasehold Premises at 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 the premises is for 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.

### 31. Going Concern:

The Company is incurring losses for last few years, and its accumulated losses at the last date of the financial year exceeded the net worth of the Company and its net worth has been completely eroded. The Company has restructured its business in the past years and is also considering viable expansion/restructuring plans. The company has neither the intention nor the necessity of liquidating or of curtailing materially the scale of its operations. Therefore, these accounts have been prepared on the going concern assumption.

**32.** The Board of Directors of the Company has decided to transfer, sell and/or dispose off 5 centres of Sports Bar Undertaking operated by the Company to a potential purchaser, together with all its assets, rights, liabilities/obligations of all nature and kind along with its employees on a going concern basis as a slump sale. The company has entered into a "Business Transfer Payment of Advance Agreement" with the purchaser and pursuant to the said agreement has received an advance of Rs. 25,000,000. The said amount received is shown under Note No. 10 Other Current Liabilities.

The said transaction is subject to the approval of shareholders of the company under the provisions of Section 293(1)(a) read with Section 192A and such other applicable provisions, if any, of the Companies Act, 1956.

on Consolidated Financial Statements for the Year Ended March 31, 2012

### 33. Expenditure in Foreign Currency:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Travel and Boarding Expenses	13,774	1,97,096
Capital Goods and Spare Parts	-	848,889
Membership Fees	-	-
<b>Total</b>	<b>13,774</b>	<b>1,045,985</b>

### 34. Earnings in Foreign Currency:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Leisure and Entertainment Income	1,651,925	1,877,188
<b>Total</b>	<b>1,651,925</b>	<b>1,877,188</b>

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

### 36. Minority Interest

Particulars	Amount (Rs.)
Share of Equity	12,544,550
Share in Losses of a Subsidiary	(12,544,550)
<b>Total</b>	<b>Nil</b>

Share in profit/(Loss) of subsidiary relating to minority interest of Rs. (31,294) (Previous Year Rs. 38,475) is credited/(debited) to consolidated statement of profit & loss. Aggregated of losses applicable to minority interest debited to consolidated Statement of profit and loss as on 31st March 2012 amounts to Rs. 6,491,895 (Previous Year Rs.6,460,601).

### 37. Deferred Tax Asset/(Liability):

On a conservative basis, the Company has not recognized any deferred tax asset/(liability) pertaining to the current year.

38. In accordance with the Accounting Standard 18 on "Related Party Disclosure" notified under the Companies (Accounting Standard) Rules, 2006, as amended, the relevant information for the year ended March 31, 2012 is as under:

Names of related parties and description of relationship:

- I. Entity where control exists through substantial equity interest:  
Pantaloon Retail (India) Ltd. ("PRIL")
- II. Key Managerial Personnel:  
Mr. Rohinton Rabady

on Consolidated Financial Statements for the Year Ended March 31, 2012

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

Nature of transaction	Entities where control exists Rupees	Key Management Personnel Rupees	Total Rupees
Salaries and Allowances - Mr. Rohinton Rabady	- (-)	2,842,282 (2,749,830)	2,842,282 (2,749,830)
Loan Received from PRIL	22,000,000 (20,000,000)		22,000,000 (20,000,000)
Loan Repaid to PRIL	22,000,000 (20,000,000)		22,000,000 (20,000,000)
Purchases / Services from: PRIL	3,320 (5,547,454)		3,320 (5,547,454)
Sales/Hire Charges to: PRIL	4,714,740 (5,660,739)		4,714,740 (5,660,739)
Rent Paid: PRIL	388,136 (7,935,727)		388,136 (7,935,727)
Interest Paid : PRIL	- (32,877)		- (32,877)
Outstanding at year-end: Sundry Debtors – PRIL	4,658,059 (-378,209)		4,658,059 (-378,209)

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

### 39. Properties which are under Operating Agreements:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Business conducting / License charges recognized in the Statement of Profit and Loss during the year	-	13,398,469
Total of future minimum lease payments under non-cancellable operating agreements:		
- Not later than 1 year	1,860,000	648,252
- Later than 1 year and not later than 5 years	310,000	-
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	2,170,000	648,252

### 40. Earnings Per Share - Basic and Diluted:

Particulars	2011-2012 Rupees	2010-2011 Rupees
Net Profit / (Loss) for the year as per Statement of Profit and Loss considered as numerator for calculating earnings per share	(80,555,918)	(74,361,299)
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
<b>Earnings Per Share</b>	<b>(5.15)</b>	<b>(4.75)</b>

on Consolidated Financial Statements for the Year Ended March 31, 2012

#### 41. Un-hedged Foreign Currency Exposure:

Un-hedged foreign currency exposures as at March 31, 2012 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Accounts Payable	USD 75,677	USD 79,350	Rs. 3,871,374	Rs. 3,542,977
Accounts payable	JPY 64,512,949	JPY 64,502,018	Rs. 40,275,434	Rs. 34,843,990

#### 42. 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 the Statement of Profit and Loss:

Particulars	Year Ended March 31, 2012 (Rupees)
Employer's contribution to Provident Fund	813,218

##### II. Defined Benefit Plans

Gratuity (Non-Funded Scheme)

##### III. Other Long Term Employee Benefits

Leave Encashment (NonFunded Scheme)

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

Discount Rate (per annum)	8.60%
Rate of increase in compensation levels (per annum)	10%
Attrition Rate	15%
Mortality Table	LIC(1994-96) Ultimate

The following tables summarise the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet for the above benefit plans:

##### A. Changes in the Present Value of Obligation:

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	1,702,858	1,582,869	2,345,902	2,155,235
Interest Cost	163,419	163,700	204,513	215,928
Current Service Cost	399,729	544,594	574,536	851,585
Benefits Paid	(119,703)	(162,437)	(728,046)	(615,444)
Actuarial (gain) / loss on Obligations	(267,036)	(654,148)	(798,445)	(1,024,435)
<b>Present Value of Defined Benefit Obligation as at the end of the period</b>	<b>1,879,267</b>	<b>1,474,578</b>	<b>1,702,858</b>	<b>1,582,869</b>

on Consolidated Financial Statements for the Year Ended March 31, 2012

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

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	1,879,267	1,474,578	1,702,858	1,582,869
Fair Value of Plan Assets as at end of the period	-	-	-	-
<b>Funded Asset recognized in the Balance Sheet</b>	-	-	-	-
Included in provision (Schedule)				
Present Value of Unfunded Obligation as at end of the period				
Unrecognized Actuarial gains / (losses)	-	-	-	-
<b>Unfunded Liability recognized in the Balance Sheet</b>				
Included in –				
Long Term Provision	1,673,995	1,359,635	1,583,155	1,420,432
Short Term Provision	205,272	114,942	119,703	162,437

**C. Amount recognized in the Balance Sheet:**

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	1,879,267	1,474,578	1,702,858	1,582,869
Fair Value of Plan Assets as at end of the period	Nil	Nil	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	1,879,267	1,474,578	1,702,858	1,582,869

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

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	399,729	544,594	574,536	851,585
Past Service Cost	1,068	Nil	102,263	Nil
Interest Cost	163,419	163,700	204,513	215,928
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	(267,036)	(654,148)	(798,445)	(1,024,453)
Total Expenses recognized in the Statement of Profit and Loss	297,180	54,146	82,867	43,078

on Consolidated Financial Statements for the Year Ended March 31, 2012

- 43.** Based on the available information with the management, the Company does not owe any sum to suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2012 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
- 44.** In the opinion of the Board, all assets other than fixed assets and non-current investments have value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 45.** As notified by the Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956, is applicable to the financial statement for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of the Revised Schedule VI.

**For and on behalf of the Board**

**Sunil Biyani**  
Director

**Udita Jhunjhunwala**  
Director

**Rohinton Rabady**  
Manager

Place: Mumbai  
Dated: May 29, 2012

**THIS PAGE IS INTENTIONALLY KEPT BLANK**





ENTERTAINMENT CORPORATION LIMITED

### GALAXY ENTERTAINMENT CORPORATION LIMITED

Registered Office: 110/111, B -Wing , Shah & Nahar Industrial Estate, L.P. Marg, off. Dr. E Moses Road, Worli, Mumbai - 400018

### PROXY FORM

I / We \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of GALAXY ENTERTAINMENT CORPORATION LIMITED hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ of failing him/her

\_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Friday the 28th day of September, 2012 at 11.30 a.m. and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signature of Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re.1/-

Note:

The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

Name \_\_\_\_\_

Address \_\_\_\_\_

Regd. Folio. No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client I.D. No. \_\_\_\_\_ DP. ID. No. \_\_\_\_\_



ENTERTAINMENT CORPORATION LIMITED

### GALAXY ENTERTAINMENT CORPORATION LIMITED

Registered Office: 110/111, B -Wing , Shah & Nahar Industrial Estate, L.P. Marg, off. Dr. E Moses Road, Worli, Mumbai - 400018

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 30th Annual General Meeting of the Company at Kohinoor Hall, 3<sup>rd</sup> floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Sawarkar Marg, Prabhadevi, Mumbai-400025 on Friday, the 28th day of September, 2012 at 11.30 a.m

Name \_\_\_\_\_ Address \_\_\_\_\_

\_\_\_\_\_ Regd. Folio. No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client ID. No. \_\_\_\_\_ DP. ID. No. \_\_\_\_\_

Name of Proxy/Representative, if any \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative \_\_\_\_\_





Book Post

If undelivered, please return to :

galaxy

ENTERTAINMENT CORPORATION LIMITED

**Registered Office:**

110/111, B -Wing , Shah & Nahar Industrial Estate,  
L.P. Marg, off. Dr. E Moses Road, Worli, Mumbai - 400018