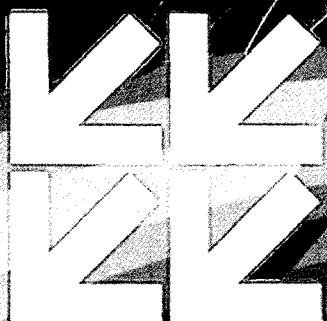


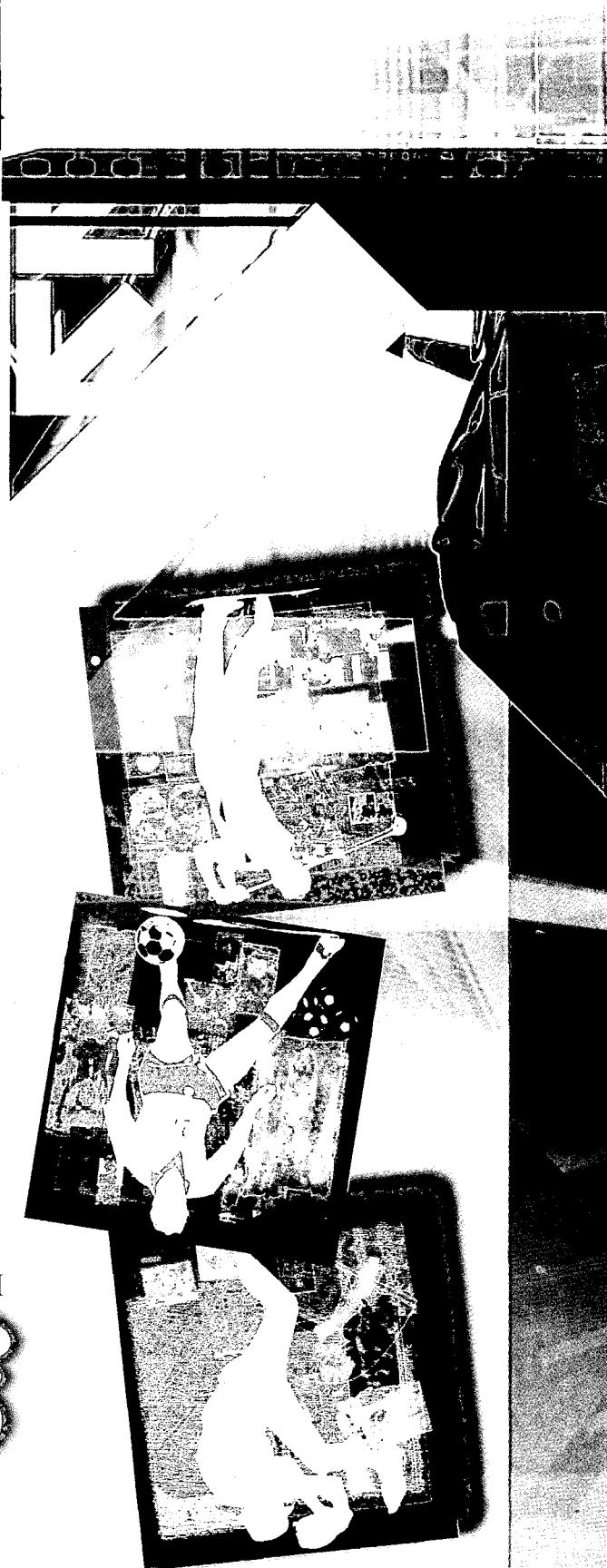
2008 - 2009

ANNUAL REPORT



ENTERTAINMENT CORPORATION LIMITED

galaxy



Annual Report 2008 - 2009



ENTERTAINMENT CORPORATION LIMITED

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BOARD OF DIRECTORS

Mr. Atul Ruia
Mr. Kishore Biyani
Mr. Rajneesh Agarwal
Mr. Shishir Bajjal
Mr. Anil Harish
Mr. Ashok Ruia
Mr. Ajay Kejriwal
Ms. Udit Jhunjhunwala

AUDITORS

Haribhakti & Co.
Chartered Accountants

BANKERS

HDFC Bank Limited
AXIS Bank

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

17, C & D, High Street Phoenix,
Senapati Bapat Marg, Lower Parel (West),
Mumbai 400 013.
Tel. : (022) 6611 4000
Fax : (022) 2498 5413
email: investors@galaxyentt.com

CORPORATE OFFICE

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

The Members

The Directors of Galaxy Entertainment Corporation Limited (**GECL**) take pleasure in presenting 27th Annual Report on the business and operations of the Company, together with the audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

Particulars	Rs. in Lacs	
	Year Ended 31-03-09	Year Ended 31-03-08
Total Income	3718.22	3610.64
Profit/(Loss) before Depreciation and Tax (PBDT)	(1383.75)	(24.15)
Less: Depreciation	586.99	422.59
Add: Adjustments for exceptional items	-	89.38
Add: Prior Period Items	41.23	-
Profit / (Loss) before Tax	(1929.51)	(357.36)
Provision for Tax:-		
Current	-	-
Prior year	-	-
Deferred	-	-
Fringe Benefit	11.00	7.17
Profit / (Loss) after Tax	(1940.51)	(364.53)
Add.: Balance brought forward	148.82	513.35
Balance carried to Balance Sheet	(1791.69)	148.82

YEAR AND PERIOD UNDER REVIEW

During the year under review, the turnover of the company has increased marginally to Rs.3718.22 lacs. In view of the significant increase in operating and administrative expenses, write off/provision of Fixed Assets due to closure of certain units and provision for diminution in value of investments made in Subsidiary Company aggregating Rs. 738.47 lacs, your Company has reported loss before Depreciation and Taxation of Rs. 1383.75 lacs as against Rs.24.15 lacs in the previous year. After providing for Depreciation and Taxation, there has been a Net loss of Rs.1940.51 lacs as against Net loss of Rs.364.53 for the previous year.

In view of the high losses incurred, your Company has closed down the units reporting substantial losses on account of high fixed costs. This shall enable the Company to focus on the profit making units and explore new projects with sound potentials.

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

DIVIDEND

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- The applicable standards have been followed in the preparation of the annual accounts and there are no material departure;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2009 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 Mr. Ajay Kejriwal, 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 period under review, Mr. Sanjay Seksaria, due to his other pre-occupations tendered resignation as a Director of the Company. Your Directors place on record their deep appreciation for the valuable contribution made by the outgoing Director during his association with the Company.

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, 2009 and the Reports of the Directors and Auditors thereon of Company's Subsidiaries viz. Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited, included in the Annual Report, forms a part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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

AUDITORS' COMMENTS

Observations, if any, made by the Auditors in their Report read with relevant notes as given in the Notes to 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 four Non-Executive Directors viz. Mr. Atul Ruia, Mr. Rajneesh Agarwal, Mr. Anil Harish and Ms. Udit Jhunjhunwala. Majority of the members of the Committee are Independent Directors. The Board of Directors has been appointed Mr. Rajneesh Agarwal as the Chairman of the Committee.

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.10 & 11 of Schedule 'S' Significant Accounting Policies and Notes to Accounts, forming part of audited financial statements.

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

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

The Directors place on record its deep appreciation for the dedicated services of the executives and staff at all levels of the Company who have contributed in no small measure to the performance of the Company's inherent strength. Grateful thanks are also due to Company's Bankers, Statutory Authorities, its patrons and all organizations connected with the Company. Shareholders appreciation of the managements efforts at the General Meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

Place : Mumbai
Dated : July 30, 2009

For and on behalf of the Board

Atul Ruia	Shishir Baijal
Director	Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

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

The composition of the Board and other relevant details relating to Directors as on March 31, 2009 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	10	-	2
Mr. Ashok Ruia	Father of Mr. Atul Ruia	Director	Promoter, Non-Executive; Non-Independent	8	-	1
Mr. Kishore Biyani	None	Director	Promoter, Non-Executive; Non-Independent	8	-	6
Mr. Sanjay Seksaria	None	Whole-Time Director	Executive; Non Independent	2	-	-
Mr. Rajneesh Agarwal	None	Director	Non-Executive; Independent	1	1	1
Ms. Udit Jhunjhunwala	None	Director	Non-Executive; Independent	-	-	1
Mr. Shishir Bajjal	None	Director	Non-Executive; Independent	5	-	-
Mr. Anil Harish	None	Director	Non-Executive; Independent	14	3	5
Mr. Ajay Kejriwal	None	Director	Non-Executive; Independent	-	-	-

* 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 Mr. Ajay Kejriwal shall retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointment of Mr. Ashok Ruia and Mr. Ajay Kejriwal as Directors to the shareholders. The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2008-09, Five Board Meetings were held on – 7th April 2008, 30th June 2008, 31st July 2008, 23rd October 2008 and 29th January 2009. The previous Annual General Meeting of the Company was held on 22nd September 2008. 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	3	No
Mr. Sanjay Seksaria	5	No
Mr. Rajneesh Agarwal	2	No
Mr. Kishore Biyani	1	No
Ms. Udit Jhunjhunwala	4	Yes
Mr. Shishir Bajjal	2	Yes
Mr. Anil Harish	3	No
Mr. Ashok Ruia	3	No
Mr. Ajay Kejriwal	3	No

Note: Mr. Rajneesh Agarwal, Chairman of Audit Committee had authorised Mr. Shishir Bajjal to answer queries, if any raised by Shareholders at the previous Annual General Meeting with respect to financial accounts of the Company.

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 2008-09. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Director forms a part of this Annual Report.

3. Audit Committee

a) Constitution of Audit Committee:

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

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

During the Financial year 2008-09, Five Audit Committee Meetings were held on 7th April 2008, 30th June 2008, 31st July 2008, 23rd October 2008 and 29th January 2009. The composition of the Audit Committee and the number of meeting attended were as under:

Name of the Committee Members	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	2
Mr. Atul Ruia	Member	2
Mr. Anil Harish	Member	3
Ms. Udit Jhunjhunwala	Member	4

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 March 31, 2009 is as under:

Name of Committee Members	Designation
Mr. Rajneesh Agarwal	Chairman
Mr. Anil Harish	Member
Ms. Udit Jhunjunwala	Member

One meeting of the Remuneration Committee was held on 31st July 2008 which was attended by Mr. Rajneesh Agarwal & Mr. Anil Harish.

b) Terms of reference:

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

c) Remuneration Policy:

i) Management Staff :

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

ii) Non-Executive Directors :

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

The Board of Directors at their Meeting held on 30th October 2003 had approved payment of sitting fees of Rs.10,000/- for each meeting of Board of Directors and Rs. 5,000/- for each meeting of the Audit Committee. Details of the Sitting fees paid during the year 2008-09 are as under:

Name of the Non-Executive Director	Sitting Fees paid (Rs.)	
	Board Meeting	Audit Committee
Mr. Atul Ruia	10,000	5,000
Mr. Rajneesh Agarwal	20,000	10,000
Mr. Kishore Biyani	10,000	-
Ms. Udit Jhunjhunwala	30,000	15,000
Mr. Shishir Baijal	20,000	-
Mr. Anil Harish	30,000	15,000
Mr. Ashok Ruia	30,000	-
Mr. Ajay Kejriwal	30,000	-
Total	1,80,000	45,000

iii) Executive Director :

Mr. Sanjay Seksaria, Whole-Time Director is the only Executive Director in the Company. The remuneration of the Executive Director payable and/or revisions therein has been approved by the Remuneration Committee of the Board of Directors, the Board of Directors and the Shareholders in the General Meeting.

Details of remuneration paid to Executive Director during year ended March 31, 2009 are given below:

Name of the Executive Director	Designation	Salary & Allowances (Rs. in Lacs)	Contribution to PF (Rs. in Lacs)	Total (Rs. in Lacs)
Mr. Sanjay Seksaria	Whole-Time Director	33.41	1.85	35.26

5. **Shareholder's/Investor's Grievance Committee**

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholder's/Investor's 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. Four Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2008-09 on 30th June 2008, 31st July 2008, 23rd October 2008 and 29th January 2009. The composition of the Shareholder's/Investor's Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meeting Attended
Mr. Rajneesh Agarwal	Chairman	2
Mr. Sanjay Seksaria	Member	4
Mr. Atul Ruia	Member	2

b) Mr. Arvind Agrawal, Chief Financial Officer is the Compliance Officer of the Company.

c) During the year 2008-09, the Company has received NIL complaints from shareholders / investors. There were no complaints pending as at end of the year.

d) Share Transfers in Physical Mode

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders'/Investors Grievance Committee of the Company meets 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
2005-06	19/09/06	10:30 A.M	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
2006-07	28/09/07	10:30 A.M	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
2007-08	22/09/08	11:00 A.M.	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013

ii) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2005-06	Increase in remuneration payable to Mr. Sanjay Seksaria, Whole-Time Director for the remaining period of his tenure.
2006-07	NIL
2007-08	Re-appointment of Mr. Sanjay Seksaria as Wholetime Director for a period of 3 years with effect from 1st August, 2008.

iii) During the year 2008-09, no resolutions were passed by Postal Ballot.

iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

v) No Special resolution is proposed to be passed through Postal Ballot

7. Means of Communication

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

(ii) No presentations were made to institutional investors or to the analysts during the year under review.

(iii) The Management Discussion and Analysis Report forms part of this Annual Report.

8. General Shareholder Information

i) Annual General Meeting :

Day, Date and Time : Friday, September 25, 2009 at 11.00 a.m

Venue : Mayfair Banquets, North Hall, 254 C,
Dr. Annie Besant Road, Worli, Mumbai - 400 030.

ii) Financial Year : The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

iii) Date of Book Closure : 23rd September, 2009 to 25th September, 2009 (both days inclusive)

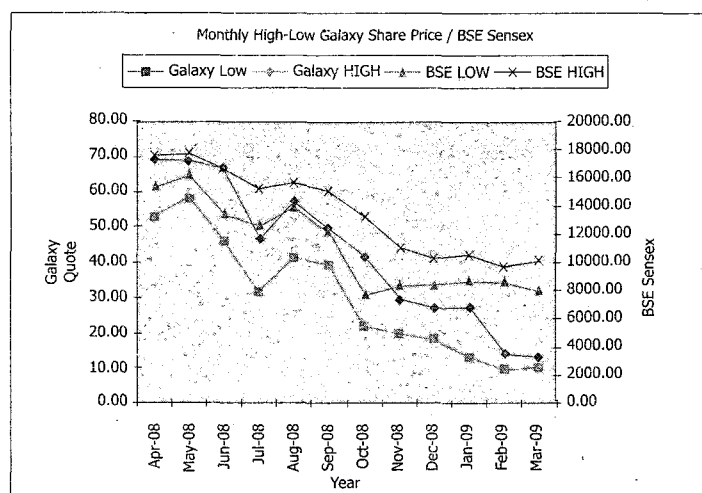
iv) Listing on Stock Exchanges : The Company's shares are listed on Bombay Stock Exchange Limited ("BSE"). The Company has paid the listing fees to the Stock Exchange within the prescribed time

v) Stock Code/Symbol : BSE – 506186

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

Month	BSE	
	High(Rs.)	Low (Rs.)
April 2008	68.80	52.55
May 2008	68.55	58.20
June 2008	66.20	45.70
July 2008	46.50	31.70
August 2008	56.95	41.20
September 2008	49.15	39.00
October 2008	41.25	21.45
November 2008	29.40	19.85
December 2008	26.90	18.00
January 2009	27.10	13.20
February 2009	13.95	9.50
March 2009	13.20	10.00

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



viii) Share Transfer System:

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

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records.

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

ix) Category wise Shareholding as at March 31, 2009:

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	91,69,163	58.59
2.	Foreign Institutional Investors	10,61,530	6.78
3.	Private Bodies Corporate	22,61,071	14.45
4.	Indian Public	31,58,171	20.18
	Total	1,56,49,935	100.00

x) Distribution of Shareholding as at March 31, 2009:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	2,950	79.62	44,99,220	2.87
5,001 - 10,000	316	8.53	26,42,380	1.69
10,001 - 20,000	179	4.83	26,37,670	1.69
20,001 - 30,000	73	1.97	19,13,020	1.22
30,001 - 40,000	37	1.00	13,12,050	0.84
40,001 - 50,000	22	0.60	10,20,950	0.65
50,001 - 100,000	59	1.59	43,66,650	2.79
100,001 and above	69	1.86	13,81,07,410	88.25
TOTAL	3,705	100.00	15,64,99,350	100.00

xi) Dematerialisation of Shares and Liquidity:

About 78.26 % of the shares have been dematerialized as on March 31, 2009. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE).

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

The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2009.

xiii) Registrar and Share Transfer Agents:

TSR Darashaw Limited

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

xiv) Unit Locations: Mumbai, Indore, Delhi, Hyderabad, Bangalore, Ahmedabad, Surat, Nagpur, Coimbatore, Noida, Kanpur, Mangalore, Siliguri, Gurgaon, Pune, Baroda.

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 (West),
Mumbai – 400 011.

Tel No.: 022 - 6656 8484

Fax No: 022 - 6656 8494

Email: sshellar@tsrdarashaw.com

For general correspondence:

Galaxy Entertainment Corporation Limited

3rd Floor, Prathamesh Tower, B-Wing,
Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.

Tel No. 022 - 6611 4141

Fax No. 022 - 6637 6145

9. Other Disclosures

a. The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2009.

b. Share holdings of Non-Executive Directors as on 31st March, 2009:

Name of Directors	Shares Held
Mr. Atul Ruia	50,000
Mr. Rajneesh Agarwal	NIL
Mr. Kishore Biyani	NIL
Ms. Udit Jhunjhunwala	NIL
Mr. Shishir Bajjal	NIL
Mr. Anil Harish	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

- a) An office for the use the Chairman is made available whenever required.
- b) At present there is no policy fixing 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 Qualification

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 person.

VI. Mechanism for evaluating non-executive board members

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

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

To
The Members,
Galaxy Entertainment Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Galaxy Entertainment Corporation Limited ("the Company") for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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

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

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

For Rathi & Associates

Company Secretaries

Narayan Rathi

Partner

CP No. - 1104

Place: Mumbai

Dated : July 30, 2009

CODE OF CONDUCT DECLARATION

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

Atul Ruia

Director

Place : Mumbai

Dated : July 30, 2009

INDUSTRY STRUCTURE & DEVELOPMENTS

Indian Media and Entertainment (M&E) industry is one of the fastest growing industries in the country. Its various segments—film, television, advertising, prints media and music among others—have witnessed tremendous growth in the last few years.

According to a report jointly published by the Federation of Indian Chambers of Commerce and Industry (FICCI) and KPMG, the media and entertainment industry in India is likely to grow 12.5 per cent per annum over the next five years and touch US\$ 20.09 billion by 2013.

According to the FICCI- KPMG study, the gaming segment, which is currently estimated at US\$ 125.29 million, is expected to grow at 33.30 per cent till 2013.

Family Entertainment Centres (FECs) are growing at a faster pace than growth in Media and Entertainment (M & E) industry. FECs are expected to fill a vital void in the Indian entertainment segment which currently does not have fully integrated avenues to capture the inter-linkages between entertainment and consumer spending on businesses like F&B and retailing. FEC's will be best suited to tap the target segment in these activities, particularly when housed under one roof.

OUTLOOK

There is a perceptible shift upward in consumption patterns in the Food & Beverage Industry. Disposable monies, availability of multi format outlets, and the fast food and cafe culture percolating in tier 2 and tier 3 cities also allows the creation of robust and sustainable business models. GECL is positioning itself to be a national player in various segments and formats in the F & B industry. Significant investments at the back and front ends for sustainability have been made.

The market has already witnessed a plethora of entertainment products (like X Box, Play Station, Wii, Internet Games etc) and this is likely to increase in the immediate future. These products not only help develop the market but will also enhance the backend infrastructure like game development to manufacture indigenous products with appropriately incorporated Indian content. These will further drive up spending levels as well as expand geographical outreach and also decrease costs thereby increasing profitability.

OPPORTUNITIES & THREATS

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

RISK & CONCERNS

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

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

- Intense competition in the F&B industry and unorganized entertainment sector, including those factors which may affect our cost advantage,
- Our ability to manage domestic marketing and sales operations,
- Legal restrictions and
- General economic conditions such as high rate of inflation and interest affecting our industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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 Resources at GECL has gone through a sea change over the past two years. The central HR team has systematized and decentralized most of the HR systems and activities to make it easier for the Units to function independently. We have now acquired a **Human Resource Information System** and are in the process of making all transactional HR interactions and data online for the convenience of our employees. This would also strengthen our personnel database management system for records and retrievals and help us shift focus on people development as against transactional HR. Given the various changes that the Organization has gone through, the key focus this year was on reviewing, recruiting and consolidating talent at various levels across our establishments. Our Mantra being "Hire for Attitude & Train for Skills"

The way forward would focus on strengthening the Performance management process and initiating various practices that encourage employee engagement, development and long-term commitment in form of vertical and lateral growth opportunities through Job Rotations and enhancements, to deserving employees.

CAUTIONARY STATEMENT

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

TO THE MEMBERS OF GALAXY ENTERTAINMENT CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Galaxy Entertainment Corporation Limited**, as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
 - v) Based on the written representations received from the directors and taken on record by the Board of Directors, we report that none of them are disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - b) in the case of the Profit & Loss account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow statement, of the cash flow for the year ended on that date

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No.: 17000

Place : Mumbai

Dated : June 26, 2009

(Referred to in paragraph 3 of our Report of even date)

I. Fixed Assets:

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

II. Inventories:

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

III. Internal Controls:

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

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

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

V. Loans and Advances:

9. The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Act except for loan granted to its subsidiary company. The amount involved is Rs. 80.10 lacs and the year end balance is Rs. 153.60 lacs. In our opinion and according to the information and explanations given to us, the terms and conditions of the same are prima facie not prejudicial to the interest of the company.
10. As explained to us the loans granted are repayable on demand and there is no default in repayment of principal and interest on the same.
11. According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956.
12. As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.

VI. Deposits:

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

VII. Internal Audit:

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

VIII. Statutory Payments:

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

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

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

IX. Losses:

19. The accumulated losses as at the last date of the financial year does not exceed fifty percent of the net worth of the Company. The company has incurred cash losses during the financial year and in the immediately preceding financial year.

X. Guarantees:

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

XI. Utilization of Funds:

21. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the company have been applied for the purposes for which they were taken.
22. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company, related information made available to us and as represented to us by the management, funds raised on short term basis have not been used for long-term purposes.

XII. Preferential Allotment:

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

XIII. Miscellaneous:

24. Central Government have not prescribed any maintenance of cost records under Section 209(1)(d) of the Companies Act 1956, for the business in which the Company operates.
25. The Company is not a mutual benefit or a nidhi company.
26. The Company has not issued any debentures during the year.
27. The Company has not raised any money by way of public issues during the year.
28. The Company has not dealt or traded in shares, securities, debentures or other investments during the year except as shown in Schedule E of the Balance Sheet as at March 31, 2009.
29. As per information and explanation given to us and on the basis of examination of records, no material fraud on or by the company was noticed or reported during the year.

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No.: 17000

Place : Mumbai

Dated : June 26, 2009

Balance Sheet

as at March 31, 2009

galaxy
ENTERTAINMENT CORPORATION LIMITED

	Schedule	Rupees	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SOURCE OF FUNDS				
Shareholders' Funds				
Share Capital	A	156,499,350		156,499,350
Reserves & Surplus	B	<u>336,560,432</u>	493,059,782	<u>336,560,432</u>
				<u>493,059,782</u>
LOAN FUNDS				
Secured Loans	C		236,039,612	116,932,343
TOTAL			<u>729,099,394</u>	<u>609,992,125</u>
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		660,868,918		563,622,045
Less: Depreciation/Amortisation/Impairment		<u>216,362,433</u>		<u>159,344,818</u>
Net Block		444,506,485		404,277,227
Less: Provision for Assets Written off		20,000,000		-
Add: Capital Work-in-Progress / Advances		<u>90,514,564</u>		<u>64,563,799</u>
			515,021,049	468,841,026
Investments	E		884,694	57,912,237
Deferred Tax Asset			2,682,499	2,682,499
Current Assets, Loans and Advances				
Inventories	F	7,530,372		7,776,672
Sundry Debtors	G	5,210,144		6,415,247
Cash and Bank Balances	H	52,705,593		89,522,721
Other Current Assets	I	12,966,688		16,540,483
Loans and Advances	J	<u>108,253,280</u>		<u>111,848,237</u>
		<u>186,666,077</u>		<u>232,103,360</u>
Less: Current Liabilities and Provisions	K			
Current Liabilities		144,352,412		125,840,069
Provisions		<u>10,971,519</u>		<u>10,824,917</u>
		<u>155,323,931</u>		<u>136,664,986</u>
Net Current Assets			31,342,145	95,438,374
Profit and Loss Account	L		179,169,006	(14,882,011)
TOTAL			<u>729,099,394</u>	<u>609,992,125</u>
Significant Accounting Policies and Notes to Accounts	S			

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

As per our attached Report of even date

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No. : 17000

Place : Mumbai

Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria

Wholetime Director

Shishir Baijal

Director

Place : Mumbai

Dated : June 26, 2009

galaxy
ENTERTAINMENT CORPORATION LIMITED

Profit and Loss Account

for the year ended March 31, 2009



	Schedule	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
INCOME:			
Revenue from Services / Sale of Rights	M	366,119,343	350,680,494
Other Income	N	5,702,438	10,383,807
TOTAL		371,821,781	361,064,301
EXPENDITURE:			
Employee Expenses	O	86,763,572	73,460,720
Operating and Administrative Expenses	P	407,692,735	283,685,811
Interest and Finance Charges	Q	15,740,800	6,332,861
Depreciation / Amortization / Impairment		58,698,666	42,258,615
TOTAL		568,895,773	405,738,007
Profit/(Loss) before Exceptional items and Taxation for the year		(197,073,992)	(44,673,706)
EXCEPTIONAL ITEMS :	R	-	8,937,613
Prior Period Items		4,122,975	-
Profit / (Loss) Before Taxation for the year		(192,951,017)	(35,736,093)
Provision for Tax - Current		-	-
- Prior Year		-	-
- Deferred		-	-
- Fringe Benefit		1,100,000	716,595
Profit / (Loss) after Taxation for the year		(194,051,017)	(36,452,688)
Balance brought forward from Previous Year		14,882,011	51,334,699
Balance of Profit / (Loss) carried to the Balance Sheet		(179,169,006)	14,882,011
Basic and Diluted Earnings per Share (Face Value Rs.10 each)		(12.40)	(2.53)
(Refer Note 17 of Schedule 'S')			
Significant Accounting Policies and Notes to Accounts	S		

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

As per our attached Report of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board

Chetan Desai
Partner
Membership No. : 17000
Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria
Wholetime Director

Shishir Baijal
Director

Place : Mumbai
Dated : June 26, 2009



Cash Flow Statement

Annual Report 2008-2009

for the year ended March 31, 2009

	2008-09	2007-08
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extraordinary Items	(192,951,017)	(35,736,093)
Adjustment for :		
Depreciation (Current Year)	58,698,666	42,258,615
Change in method of accounting for Depreciation	-	(8,937,613)
Interest Expenses	15,740,800	6,332,861
Dividend Income	(30,002)	(4,837,190)
Interest Income	(4,732,594)	(2,908,044)
(Profit) / Loss on Foreign Exchange Fluctuation	12,289,316	(10,475,920)
Profit on Sale /Redemption of Investments (Net)	6,633,596	(12,535,845)
Misc Expense Written off	-	923,542
Prior Period Items	(4,122,975)	-
Bad Debts written Off	846,124	-
Sundry Assets W/Off	13,147,531	-
Provision for diminution in investments in subsidiaries	40,700,000	-
Provision for Fixed Assets written off	20,000,000	-
Interest accrued	-	-
	159,170,462	7,290,049
	<u>159,170,462</u>	<u>7,290,049</u>
Operating Profit Before Working Capital Changes	(33,780,555)	(18,625,638)
(Increase)/ decrease in working capital :		
Inventories	246,300	(177,663)
Trade and other receivables	9,047,264	(15,335,809)
Trade and other payables	(3,837,451)	105,789,872
Other Current Assets	3,573,795	(16,540,483)
Net Current Assets acquired pursuant to merger	-	68,907,834
	9,029,908	142,643,752
	<u>9,029,908</u>	<u>142,643,752</u>
CASH USED IN OPERATIONS	(24,750,647)	124,018,114
Payment of Taxes	(3,216,600)	(6,328,126)
NET CASH USED IN OPERATING ACTIVITIES (A)	<u>(27,967,247)</u>	<u>117,689,988</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(138,026,220)	(195,739,056)
Investment in subsidiaries	-	(25,500,000)
(Increase in) / Redemption of Investments	14,902,107	139,335,740
Dividend received	30,002	4,837,190
Interest received	4,592,087	3,109,300
Fixed Assets / Investments Acquired pursuant to merger	-	91,297,201
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)	<u>(118,502,024)</u>	<u>17,340,375</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loans (given)/repaid to/by subsidiaries	(8,060,833)	18,891,483
Proceeds from / (repayment of) borrowings	119,107,269	(39,429)
Loans taken over pursuant to merger	-	(72,783,168)
Accrued Interest on Custom duty	-	(6,517,397)
Interest Paid	(16,058,449)	(6,332,861)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)	<u>94,987,987</u>	<u>(66,781,372)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(51,481,284)</u>	<u>68,248,991</u>
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR	89,522,721	21,273,730
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR	<u>38,041,437</u>	<u>89,522,721</u>
Cash and Cash Equivalents comprise of :		
Cash & Bank Balances (Schedule 'H')	52,705,593	89,522,721
Book Overdraft (Schedule 'K')	(14,664,156)	-
Total	<u>38,041,437</u>	<u>89,522,721</u>

Note: Previous year's figures are regrouped, wherever necessary, to conform to current year's classification.

As per our attached Report of even date

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No. : 17000

Place : Mumbai

Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria

Wholtime Director

Shishir Baijal

Director

Place : Mumbai

Dated : June 26, 2009

Schedules

Annual Report 2008-2009

Annexed to and forming part of the Balance Sheet as at March 31, 2009.

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paidup		
15,649,935 Equity Shares of Rs. 10 each, fully paid-up	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account:		
As per last Balance Sheet	318,497,460	262,018,525
Add: Securities premium on amalgamation	-	56,478,935
	<u>318,497,460</u>	<u>318,497,460</u>
General Reserve	18,062,972	18,062,972
	<u>336,560,432</u>	<u>336,560,432</u>
SCHEDULE 'C' : SECURED LOANS		
Foreign Currency Loan from HDFC Bank	-	26,387,584
Axis Bank - Cash Credit	-	13,019,279
Axis Bank - Term Loan*	236,039,612	77,525,480
	<u>236,039,612</u>	<u>116,932,343</u>

*(Against charge on entire current and future movable fixed / current assets of the Company)

SCHEDULE 'D' : FIXED ASSETS

(at cost less depreciation/amortisation/impairment)

Amount in Rupees

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the Year	Deductions/ Adjustments (Additions)	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Improvements to Licensed Premises	56,430,708	35,745,730	14,843,974	77,332,464	6,813,877	6,492,372	1,415,919	11,890,330	65,442,134	49,616,831
Plant & Machinery (1)	337,654,206	55,846,813	29,610	393,471,409	49,258,391	37,194,244	982	86,451,653	307,019,756	288,395,815
Furniture and Fixtures	42,348,305	20,996,569	68,272	63,276,602	9,926,429	9,464,402	16,109	19,374,722	43,901,880	32,421,876
Computer Software	3,458,537	116,220	-	3,574,757	728,779	713,838	-	1,442,617	2,132,140	2,729,758
Motor Car	2,236,546	-	516,603	1,719,943	947,871	429,986	248,041	1,129,816	590,127	1,288,676
Intangibles										
Rights of Film	115,112,743	-	-	115,112,743	91,019,498	3,260,000	-	94,279,498	20,833,245	24,093,245
Khel / Brand										
Liquor Licence Cost	6,381,000	-	-	6,381,000	649,973	1,143,824	-	1,793,797	4,587,203	5,731,027
SUB TOTAL	563,622,045	112,705,332	15,458,459	660,868,918	159,344,818	58,698,666	1,681,051	216,362,433	444,506,485	404,277,228
Capital Work in Progress (2)	-	-	-	-	-	-	-	-	90,514,564	64,563,799
GRAND TOTAL	563,622,045	112,705,332	15,458,459	660,868,918	159,344,818	58,698,666	1,681,051	216,362,433	535,021,049	468,841,027
Previous Year	383,272,003	234,027,453	53,677,411	563,622,045	165,200,721	42,258,615	48,114,518	159,344,818	404,277,227	

1 Gross Block includes contribution of Rs. 1,200,000 towards elevator jointly owned with another company.

2 Includes Pre-Operative expenses of Rs. 25,328,757 (Previous Year Rs. 10,564,523)

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Annexed to and forming part of Balance Sheet as at March 31, 2009.

				As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'E' : INVESTMENTS					
(Unquoted unless otherwise stated)					
Trade Investments					
National Savings Certificate (under lien)				60,000	40,000
Total Trade Investments				<u>60,000</u>	<u>40,000</u>
In Equity Shares:	No. of units/shares		Face Value		
	31.3.2009	31.3.2008	(Rs.)		
Subsidiary Company:					
Galaxy Rain Restaurants Private Limited, Fully paid up	10,000	10,000	10	100,000	100,000
Rain Fruits and More Private Limited, Fully paid up	1,252,142	1,252,142	10	35,491,840	35,491,840
Provision for Dimunation in Investment in subsidiary				(35,491,840)	-
In units of Mutual Funds:					
Reliance Vision Fund (Dividend)*	15,000	51,890	10	724,694	2,506,815
L099 G Magnum Multi Cap Fund - Growth*	-	995,006	10	-	15,223,582
Current Investments					
(At lower of cost and fair value):					
In units of Mutual Funds:					
HDFC FMP 26 Months - August 2006*	-	455,000	10	-	4,550,000
				824,694	57,872,237
Less: Excess of Cost over Fair Value of Current Investments				-	-
Total Non - Trade Investments				<u>824,694</u>	<u>57,872,237</u>
Total Investments				<u>884,694</u>	<u>57,912,237</u>

* Units of mutual fund lien against loan

Notes :

- Aggregate net asset value of Investments in Mutual funds as at March 31, 2009 is Rs. 396,597 (Previous year Rs. 645,900)
Aggregate cost of investments in Mutual Funds is Rs. 724,694 (Previous year Rs. 22,280,411)
- Aggregate cost of unquoted investments is Rs. 35,591,840 (Previous year Rs. 35,591,840)
- Refer Note No. 12 to Schedule 'S' for details regarding Investments purchased and redeemed/sold during the year.

Annexed to and forming part of the Balance Sheet as at March 31, 2009.

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'F' : INVENTORIES (Lower of Cost and Market Value)		
Restaurant Supplies and Consumables	3,595,902	2,750,030
Video Games Consumables	3,934,470	5,026,642
	<u>7,530,372</u>	<u>7,776,672</u>
SCHEDULE 'G': DEBTORS		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
- Considered good	-	-
- Considered doubtful	-	-
	<u>-</u>	<u>-</u>
Other Debts		
- Considered Good	5,210,144	6,415,247
- Considered Doubtful	293,319	-
	<u>5,503,463</u>	<u>6,415,247</u>
Less: Provision for Doubtful Debts	293,319	-
	<u>5,210,144</u>	<u>6,415,247</u>
SCHEDULE 'H' : CASH AND BANK BALANCES		
(a) Cash on hand	2,235,551	1,058,921
(b) Balances with Scheduled Banks:.		
(i) in Current Accounts	38,692,382	74,480,120
(ii) in Term Deposits	11,777,660	13,983,680
	<u>52,705,593</u>	<u>89,522,721</u>
SCHEDULE 'I' : OTHER CURRENT ASSETS		
Foreign Currency Receivables & Deferred Premiums	12,966,688	16,540,483
	<u>12,966,688</u>	<u>16,540,483</u>

Annexed to and forming part of the Balance Sheet as at March 31, 2009

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'J': LOANS AND ADVANCES		
(Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	31,640,493	39,283,117
Deposits for Premises and Others	52,262,855	53,168,007
Due from Subsidiary companies (Refer Note 19 of Schedule 'S')	15,652,133	7,638,163
Due from Companies under Same Management (Refer Note 19 of Schedule 'S')	1,605,835	1,558,972
Advance payment of taxes	12,300,124	10,199,978
	<u>113,461,440</u>	<u>111,848,237</u>
Less: Provision For Dimunation in Loans & Advances	5,208,160	-
	<u>108,253,280</u>	<u>111,848,237</u>
Note:		
Out of Above:		
Considered Good	103,045,120	111,848,237
Considered Doubtful	5,208,160	-
	<u>108,253,280</u>	<u>111,848,237</u>
SCHEDULE 'K': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 21 of Schedule 'S')	97,026,865	56,491,288
Book Overdraft	14,664,156	-
Other Liabilities	32,661,391	69,031,132
Interest accrued but not due	-	317,649
	<u>144,352,412</u>	<u>125,840,069</u>
PROVISIONS:		
Income Tax	-	1,100,000
Fringe Benefit Tax	3,363,657	2,280,110
Gratuity	3,544,751	2,242,795
Leave Encashment	4,063,111	3,645,358
Others	-	1,556,654
	<u>10,971,519</u>	<u>10,824,917</u>
SCHEDULE 'L': PROFIT AND LOSS ACCOUNT		
Profit and Loss Account	179,169,006	(14,882,011)
	<u>179,169,006</u>	<u>(14,882,011)</u>

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Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009

		For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
SCHEDULE 'M' : REVENUE FROM SERVICES/SALE OF RIGHTS			
Games		209,703,419	195,753,083
Restaurants			
Wines, Liquor & Tobacco	76,141,876		58,544,815
Food, Beverage, etc.	69,223,674		90,604,534
		145,365,550	149,149,349
Sponsorships		2,630,354	4,905,199
Sale of Film Rights		3,286,634	-
Income from Machine hire charges		3,776,468	-
Miscellaneous Receipts		1,356,918	872,863
		<u>366,119,343</u>	<u>350,680,494</u>
SCHEDULE 'N' : OTHER INCOME			
Dividend Income		30,002	4,837,190
Interest on Inter Company Deposits		1,552,429	1,403,578
[Tax deducted at source Rs. 359,007 (Previous Year Rs. 317,850)]			
Interest on Fixed Deposit		2,953,026	1,504,466
[Tax deducted at source Rs. 114,143 (Previous Year Rs. 251,066)]			
Provision no longer required, written back (net)		43,573	625,594
Interest - Others		227,139	-
Miscellaneous Income		896,269	2,012,979
		<u>5,702,438</u>	<u>10,383,807</u>
SCHEDULE 'O' : EMPLOYEE EXPENSES			
Salaries, Wages, Gratuity and Bonus etc.		78,153,206	65,621,810
Contribution to Provident and Other Funds		6,387,530	4,878,430
Staff Welfare Expenses		2,222,836	2,960,480
		<u>86,763,572</u>	<u>73,460,720</u>

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009

		For the year ended 31.3.2009	For the year ended 31.3.2008
	Rupees	Rupees	Rupees
SCHEDULE 'P' : OPERATING AND ADMINISTRATIVE EXPENSES			
Restaurant Consumables			
Wines, Liquor, Beverages and Tobacco	27,975,219		23,496,565
Food consumables, etc.	29,892,953		44,065,068
		57,868,172	67,561,633
Games Expenses		13,589,409	15,271,409
Other Operating and Administrative Expenses:			
Fuel, Power and Light		36,321,272	32,702,908
Repairs and Maintenance			
- Building	978,830		24,300
- Machinery	4,947,426		10,651,334
- Others	5,889,434		3,449,340
		11,815,690	14,124,974
Rent		135,644,649	109,731,758
Rates and Taxes		19,623,937	18,541,218
Insurance		2,761,494	2,335,176
Advertisement and Publicity		8,832,481	7,567,034
Printing and Stationery		2,243,230	2,458,774
Travelling		6,347,565	4,152,271
Telephone		3,414,331	3,433,947
Payments to Auditors			
- Audit Fees		500,000	500,000
- Tax Audit Fees		100,000	100,000
- Others		335,530	419,542
Legal and Professional Fees		6,481,881	9,273,952
Security Charges		3,495,401	3,281,131
Directors Sitting Fees		225,000	280,000
Bad Debts written off	552,805		1,232,112
Provision for Doubtful Debts	293,319		-
		846,124	1,232,112
Commission on Credit cards		1,200,228	901,282
Sundry Assets W/off		13,147,531	574,888
Provision - Accrued Interest on custom Duty		-	6,715,160
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency		12,289,316	(10,475,920)
(Profit)/Loss on sale of Short Term Investment		7,485,488	(4,746,343)
(Profit)/Loss on sale of Long Term Investment		(851,892)	(7,789,502)
Miscellaneous Expenses		3,275,898	5,538,407
Provision for diminution in Investments in Subsidiaries		40,700,000	-
Provision for Fixed Assets write Off		20,000,000	-
		407,692,735	283,685,811

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009

	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
SCHEDULE 'Q' : INTEREST AND FINANCE CHARGES		
Bank Charges	778,080	2,255,277
Interest on ICD / Overdraw	-	800,993
Forward Cover Premium	235,862	2,002,503
Interest on Term Loans	13,781,956	25,480
Interest on Cash Credit	471,953	4,278
Interest on Foreign Currency Loan	450,779	1,244,330
Interest on Delay Payment	22,170	-
	<u>15,740,800</u>	<u>6,332,861</u>
SCHEDULE 'R' : EXCEPTIONAL ITEMS		
Change in Method of Depreciation	-	8,937,613
	<u>-</u>	<u>8,937,613</u>

SCHEDULE "S" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS.**1. BACKGROUND**

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country and as at the balance sheet date it has 27 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, etc.

2. SIGNIFICANT ACCOUNTING POLICIES**a. Basis for preparation of financial statements**

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

b. Use of estimates

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

c. Fixed assets and depreciation

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

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

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

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

d. Intangible Assets

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

e. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments" issued by the ICAI. Current investments are stated at lower of cost and

market value. Any reduction in the carrying amount of investments and any reversals of such reductions are charged or credited to the profit and loss account. Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments.

f. Inventories

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

g. Revenue recognition

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

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

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

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

h. Retirement benefits

Retirement benefits to employees comprise of provident fund contributions, gratuity and leave encashment entitlements. Contribution to provident fund is made in accordance with the statute and provided on accrual basis. Gratuity and leave encashment liabilities are provided for, according to the rules of these benefit schemes, on the basis of actuarial valuation at year-end made by independent actuaries.

i. Taxes on income

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

j. Foreign Currency Transactions

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

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

3. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.20,097,830. (Previous year Rs.8,413,768).

4. a) Contingent liabilities not provided for in respect of guarantees given by banks Rs. 11,902,559 (Previous Year Rs. 11,591,509).

b) Amount outstanding towards Letters of Credit Rs. Nil (Previous Year Rs. Nil)

- c) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill export obligation of Rs.529,663,942 outstanding as at balance sheet date (Previous Year Rs. 463,646,128).
- d) Claims made by landlords for Service Tax which is not as per the terms of agreement have not been provided for in the accounts.
5. Improvements to Leasehold Premises at Lower Parel and Colaba are depreciated at 5%, being the written down value rate applicable to Buildings as per Schedule XIV of the Companies Act, 1956. The lease agreement in respect of these premises is for 12 and 9 years respectively. The Company has, however, decided to depreciate the asset in accordance with the rates laid down in Schedule XIV, since the Company considers this to be, effectively, a long term arrangement, and expects to renew the agreement for longer periods after the expiry of the agreement. In case of other centers, company has decided to depreciate the assets over a period of 9 years which is based on primary lease term.
6. During the year management has revised the estimated useful life of certain items of Furniture & Fixtures which are now written off over a period of two years as against the earlier depreciation rate of 15% SLM.
7. Auditor's Remuneration

Particulars	2008-2009 Rupees	2007-2008 Rupees
For Services as Auditor	5,00,000	5,00,000
For Tax Audit	1,00,000	1,00,000
For Other Service including quarterly review	3,00,000	4,00,000
Reimbursement of out of pocket expenses	35,530	19,542
For service tax*	1,83,704	1,23,600

*Service tax credit has been / will be availed.

8. The Department of Company Affairs has vide its order no. 46/223/2008-CL/III dated February 10, 2009 granted exemption for the financial year ending on March 31, 2009 from disclosing the quantitative details required by paragraph 3(i)(a) [in respect of turnover] subject to income from wine and liquor to be shown under separate sub-head under the head income and 3(ii)(d) [in respect of opening and closing stock, purchases, sales and consumption of raw material] subject to consumption of provisions, wine and smokes to be shown under the following two sub-heads respectively of Part II of Schedule VI to the Companies Act, 1956 in respect of the Company:

Particulars	2008-2009 Rupees	2007-2008 Rupees
Sales		
Wine and Liquor	74,180,814	56,325,589
Provisions, Beverages and Smokes	71,184,736	92,823,761
Consumption		
Wine and Liquor		
Opening Stock	1,774,515	684,123
Add : Purchases	23,707,779	18,868,252
Less : Closing Stock	2,107,153	1,774,515
Consumption	23,375,141	17,777,860
Provisions, Beverages and Smokes		
Opening Stock	975,515	316,633
Add : Purchases	34,562,820	40,445,370
Less : Closing Stock	1,488,749	975,515
Consumption	34,049,586	39,786,488

9. **MANAGERIAL REMUNERATION UNDER SECTION 198 OF THE COMPANIES ACT, 1956**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Salaries and other benefits	3,525,893	3,759,400
Total	3,525,893	3,759,400

10. **EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Travel Expenses	269,009	124,155
Capital Goods and Spare Parts	44,365,692	54,352,291
Membership Fees	15,099	-
Total	44,649,800	54,476,446

11. **EARNINGS IN FOREIGN CURRENCY**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Leisure and Entertainment Income	1,577,070	2,584,248
Total	1,577,050	2,584,248

12. **PARTICULARS OF INVESTMENTS SOLD/REDEEMED DURING THE YEAR REFERRED TO IN SCHEDULE 'E'**

Name of the Mutual Fund	Units
Reliance vision fund (Dividend)	36,889
Mangum multi Cap fund - growth	9,95,006.275
HDFC FMP 26 months –August 2006	4,55,000

13. The Company operates in a single business segment of leisure and entertainment services. Further, the company operates in a single reportable geographical segment.

14. **CONTINGENT LIABILITIES**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Income tax Demand	4,042,964	-
Indirect tax Demand	2,168,316	-

15. **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, 2009 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:
Pantaloen Retail (India) Ltd ("PRIL")
- III. Key Managerial Personnel
Mr. Sanjay Seksaria (Whole Time Director)

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

Nature of transaction	Entities where control exists Rupees	Key Management Personnel Rupees	Total Rupees
Salaries and allowances - Mr. Sanjay Seksaria	- (-)	3,525,893 (3,759,400)	3,525,893 (3,759,400)
Loans given GRRPL	3,970 (3,603)	- (-)	3,970 (3,603)
RFMPL	8,010,000 (44,950,000)	- (-)	8,010,000 (44,950,000)
Loans Repaid By: RFMPL	- (50,900,000)	- (-)	- (50,900,000)
Advance Received from PRIL	- (25,000,000)	- (-)	- (25,000,000)
Investment in subsidiary (RFMPL)	- (25,500,000)	- (-)	- (25,500,000)
Capex Incurred on behalf of PRIL	- (6,442,454)	- (-)	- (6,442,454)
Purchases from: RFMPL	1,303,409 (560,367)	- (-)	1,303,409 (560,367)
PRIL	2,320,299 (5,722,472)	- (-)	2,320,299 (5,722,472)
Sales to: RFMPL	615,329 (241,218)	- (-)	615,329 (241,218)
PRIL	4,727,667 (2,965,650)	- (-)	4,727,667 (2,965,650)
Commission from RFMPL	267,467 (773,128)	- (-)	267,467 (773,128)
Royalty Paid to RFMPL	81,786 (-)	- (-)	81,786 (-)
Rent paid: RFMPL	76,781 (125,000)	- (-)	76,781 (125,000)
PRIL	23,979,262 (16,151,138)	- (-)	23,979,262 (16,151,138)
Interest from RFMPL	1,552,429 (1,403,578)	- (-)	1,552,429 (1,403,578)
Reimbursement of Expenses - RFMPL	12,619 (359,807)	- (-)	12,619 (359,807)
PRIL	1,684,619 (2,739,249)	- (-)	1,684,619 (2,739,249)
Outstanding at year-end;			
Sundry debtors – RFMPL	2,230,505 (211,146)	- (-)	2,230,505 (211,146)
Investment in subsidiary RFMPL/GRRPL	35,591,840 (35,591,840)	- (-)	35,591,840 (35,591,840)
Loans receivable RFMPL/GRRPL	15,652,133 (7,638,163)	- (-)	15,652,133 (7,638,163)
Sundry Creditors & Other Liabilities- PRIL	5,878,213 (32,599,124)	- (-)	5,878,213 (32,599,124)

Figures in bracket are with respect to previous year

16. **PROPERTIES WHICH ARE UNDER OPERATING AGREEMENTS**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	34,754,783	35,529,387
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	30,101,578	51,561,247
- Later than 1 year and not later than 5 years	44,554,230	48,250,657
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	74,655,808	99,811,904

17. **EARNINGS PER SHARE – BASIC AND DILUTED**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Net profit / (Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share	(194,051,017)	(36,452,688)
Weighted average number of equity shares outstanding during the year	15,649,935	14,397,700
Nominal value per share	10	10
Earning / (Loss) per share	(12.40)	(2.53)

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

Particulars	Pre- operative expenses capitalised (Rs.) (2008 - 2009)	Pre-operative expenses expenses capitalised (Rs.) (2007 - 2008)
Salary, Wages and Bonus	11,355,413	13,071,885
Project Traveling Expenses	28,32,655	3,979,368
License and Registration charges	11,92,812	7,681,051
Legal and Professional charges	12,05,082	1,571,067
Insurance	16,264	10,575
Rent	49,13,695	2,862,245
Miscellaneous Expenses	53,85,333	7,666,431
Total	26,901,254	36,842,622

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

Name of the Company	Maximum Amount Outstanding during the year(Rs.)	Balance Outstanding during as at March 31, 2009(Rs.)
Rain Fruits and More Private Limited	15,360,000 (25,500,000)	15,360,000 (7,350,000)
Galaxy Rain Restaurants Private Limited	292,133 (288,163)	292,133 (288,163)
Galaxy Entertainment India Private Limited	1,605,835 (1,558,972)	1,605,835 (1,558,972)

Figures in bracket are with respect to previous year

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

I. Defined Contribution Plans

Provident Fund

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

	Year ended March 31, 2009 (Rs.)
Employer's contribution to Provident Fund	4,460,974

II. Defined Benefit Plans

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

b. Leave Encashment (Non - Funded Scheme)

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

Discount Rate (per annum)	7%
Rate of increase in compensation levels (per annum)	10%

A. Change in the Present Value of Obligation

	Year Ended March 31, 2009	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	2,242,795	3,645,358
Interest Cost	239,156	372,432
Current Service Cost	792,171	1,283,903
Benefits Paid	(91,023)	(547,713)
Actuarial (gain) / loss on Obligations	3,61,652	(690,869)
Present Value of Defined Benefit Obligation as at the end of the period	3,544,751	4,063,111

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

Year Ended March 31, 2009		
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	3,544,751	4,063,111
Fair Value of Plan Assets as at end of the period	-	-
Funded Asset recognized in the Balance Sheet	-	-
Included in provision (Schedule)		
Present Value of Unfunded Obligation as at end of the period		
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet	3,544,751	4,063,111
Included in provision (Schedule)	3,544,751	4,063,111

C. Amount recognized in the Balance Sheet

Year Ended March 31, 2009		
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	3,544,751	4,063,111
Fair Value of Plan Assets as at end of the period	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	3,544,751	4,063,111

D. Expenses recognized in Profit and Loss Account

Year Ended March 31, 2009		
	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	792,171	1,283,903
Past Service Cost	Nil	Nil
Interest Cost	239,156	372,432
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net Actuarial (Gain) / Loss recognized in the period	361,652	(690,869)
Total Expenses recognized in the Profit And Loss Account	1,392,979	9,65,466

21. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951 and there are no suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2009 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".

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

Signatures to Schedules : 'A' to 'S'

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No.: 17000

Place : Mumbai

Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria

Wholetime Director

Shishir Baijal

Director

Place : Mumbai.

Dated : June 26, 2009

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. L 5 1 9 0 0 M H 1 9 8 1 P L C 0 2 4 9 8 8

State Code : 1 1

Balance Sheet Date 3 1 0 3 2 0 0 9
Date Month Year

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

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement (Amalgamation)

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

7 2 9 0 9 9

Total Assets

7 2 9 0 9 9

Sources of Funds

Paid-up Capital

1 5 6 4 9 9

Secured Loans

2 3 6 0 4 0

Reserves & Surplus

3 3 6 5 6 0

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

(incl. capital work in progress)

5 1 5 0 2 1

Net Current Assets

3 1 3 4 2

Accumulated Losses

1 7 9 1 6 9

Investments

8 8 5

Miscellaneous Expenditure

N I L

Deferred Tax

2 6 8 2

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

Turnover (Total income)

3 7 5 9 4 5

Profit / (Loss) before Tax

(1 9 2 9 5 1)

Earnings per Share (Rs.)

(on profit after taxes)

(1 2 . 4 0)

Total Expenditure

5 6 8 8 9 6

Profit / (Loss) after Tax

(1 9 4 0 5 1)

Dividend Rate %

N I L

V. Generic Names of Principal Product/services of the Company (as per monetary terms)

Item Code No. (ITC Code) :

			5	5	2	0	1
							-
8	5	2	4	9	0	0	1

Product Description :

Restaurants with Bar
Games & Leisure Activities
Films

For and on behalf of the Board

Sanjay Seksaria
Wholetime DirectorShishir Baijal
Director

Place : Mumbai

Dated : June 26, 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

SR. No.	Name of Subsidiary Company	Galaxy Rain Restaurants Private Limited	Rain Fruits & More Private Limited
1.	Financial year of the Subsidiary ended on	March 31, 2009	March 31, 2009
2.	Extend to Holding : Shares of the Subsidiary held by Galaxy Entertainment Corporation Limited on the above dates Equity Shares of Rs. 10 each a) Number of Equity Shares b) Percentage Holding	 10,000 100%	 1,252,142 72.19%
3.	Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of the Holding Company. For the Financial Year of the Subsidiary a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Nil Rs. (5,021)	 Nil Rs. (21,338,616)
4.	Net aggregate amount of Profit/(Loss) of the Subsidiary for the previous financial years so far as they concern members of the Holding Company a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Not Applicable Rs. (337,028)	 Not Applicable Rs. (29,149,791)

For and on behalf of the Board

Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria
Wholetime Director

Shishir Baijal
Director

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

The Directors of Galaxy Rain Restaurants Private Limited have pleasure in presenting 9th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

(Amount in Lacs)

Particulars	2008-2009	2007-2008
Income	0.00	0.00
Expenses	0.05	0.05
Profit / (Loss) before Tax	(0.05)	(0.05)
Balance brought forward	(3.37)	(3.32)
Balance carried to Balance Sheet	(3.42)	(3.37)

YEAR AND PERIOD UNDER REVIEW

During the year under review, your company has not undertaken any business activities. The net loss of Rs.0.05 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. Atul Ruia, Director of the Company, shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

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:

- In the preparation of the accounts for the financial year ended March 31, 2009, 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, 2009 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 thereunder.

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 AND 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 THE 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 employee 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 organisations connected with the Company.

For and on Behalf of the Board

Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria
Director

Atul Ruia
Director

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of Galaxy Entertainment Corporation Limited will be held on Friday, 25th day of September 2009 at 11:00 A.M. at Mayfair Banquets, North Hall, 254 C, Dr. Annie Besant Road, Worli, Mumbai-400030 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2009 and Balance Sheet as on that date alongwith 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 Mr. Ajay Kejriwal who retires by rotation and being eligible, offers himself 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

Atul Ruia
Director

Place : Mumbai
Dated : July 30, 2009

REGISTERED OFFICE:

17, C & D, High Street Phoenix,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013.

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, 23rd September 2009 to Friday, 25th September 2009 (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. Brief resume in term of clause 49 of listing agreement for Directors proposed to be re-appointed is appended hereto.

Brief resume of persons proposed to be re-appointed as a Director 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 Phoenix Mills Limited, a Company which pioneered 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.	Pallazzio Hotels & Leisure Limited
2.	Bellona Finvest Limited	4.	Kishco Limited

(B) Private Limited Companies

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Ruia Realtors Pvt. Ltd.	18.	Supertech Construction Pvt. Ltd.
2.	Palladium Construction Pvt. Ltd.	19.	Vigilant Developers Pvt. Ltd.
3.	Vamona Developers Pvt. Ltd.	20.	Ashbee Investment & Finance Pvt. Ltd.
4.	Kalani Holdings Pvt. Ltd.	21.	Offbeat Developers Pvt. Ltd.
5.	Radhakrishna Ramnarain Pvt. Ltd.	22.	Platinum Hospitality Services Pvt. Ltd.
6.	R. R. Hosiery Pvt. Ltd.	23.	Ruia Knowledge Fondation Pvt. Ltd.
7.	Padmashil Hospitality & Leisures Pvt. Ltd.	24.	Alliance Hospitality Services Pvt. Ltd.
8.	Excelsior Hotels Pvt. Ltd.	25.	C. R. Retail Malls (India) Pvt. Ltd.
9.	Ashok Apparels Pvt. Ltd.	26.	Thana Properties Pvt. Ltd.
10.	Phoenix Hospitality Company Pvt. Ltd.	27.	Destiny Hospitality Services Pvt. Ltd.
11.	Senior Holding Pvt. Ltd.	28.	Winston hotels Pvt.Ltd.
12.	Ruia International Holding Co. Pvt. Ltd.	29.	Simplex Hotels Pvt. Ltd.
13.	Graceworks Realty & Leisure Pvt. Ltd.	30.	Oracle Hotels Pvt.Ltd.
14.	Picasso Developers Pvt. Ltd.	31.	Allied Hotels Pvt. Ltd.
15.	Ruia Beach Resort Pvt. Ltd.	32.	Calypso Hotels Pvt. Ltd.
16.	Phlox Developers Pvt. Ltd.	33.	Caravan Realty Pvt. Ltd.
17.	Superior Developers Pvt. Ltd.	34.	Mugwort Developers Pvt. Ltd.

Details of Membership/Chairmanship held by Mr. Ashok Ruia in Committee of other Companies are as under:

Sr. No.	Name of the Company	Membership	Chairmanship
1.	The Phoenix Mills Limited	1	-

He does not hold any shares in the Company as on 31st March 2009. Mr. Ashok Ruia is father of Mr. Atul Ruia, Director of the Company.

(2) Mr. Ajay Kejriwal

Mr. Ajay Kejriwal, aged 52 years is a Graduate and has over 3 decades of experience in activities related to textile manufacturing. He possesses sound knowledge in areas related to finance and administration.

Mr. Ajay Kejriwal does not hold any shares in the Company as on 31st March 2009. He is also a director in following companies:

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1.	Omega Knitters P. Ltd.	3.	Phoenix Hospitality Company Pvt. Ltd.
2.	Ritz Pvt. Ltd.		

Mr. Kejriwal does not hold Membership/Chairmanship in committees of any other Companies.

Mr. Ajay Kejriwal is not related to any other director on the Board of the Company.

GALAXY ENTERTAINMENT CORPORATION LIMITED

Registered Office: 17, C & D, High Street Phoenix,
Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013.

PROXY FORM

I / We _____
of _____
being a Shareholder/Shareholders of GALAXY ENTERTAINMENT CORPORATION LIMITED hereby
appoint _____
of _____
or failing him/ her _____
of _____
as my/our Proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of
the Company to be held on Friday, 25th day of September, 2009 at 11.00 a.m. and at any adjournment
thereof.

Signed on this _____ day of _____ 2009.

Signature of Shareholder _____

Affix
Re. 1.00
Revenue
Stamp

Note:

The Proxy form duly completed and signed must be deposited at
the Registered Office of the Company at 17, C & D, High Street Phoenix, Senapati Bapat Marg, Lower
Parel (West), Mumbai - 400 013 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. _____

GALAXY ENTERTAINMENT CORPORATION LIMITED

Registered Office: 17, C & D, High Street Phoenix,
Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 27th Annual General Meeting of the Company at
Mayfair Banquets, North Hall, 254 C, Dr. Annie Besant Road, Worli, Mumbai - 400 030 on Friday,
25th September, 2009 at 11.00 a.m.

Name _____ Address _____

Regd. Folio. No. _____ No. of Shares held _____

Client I.D. No. _____ DP. ID. No. _____

Name of Proxy/Representative, if any _____

Signature of the Shareholder(s)/Proxy/Representative _____

To
The Members,
Galaxy Rain Restaurants Private Limited,
Mumbai.

We have audited the attached Balance Sheet and Profit & Loss Account of GALAXY RAIN RESTAURANTS PRIVATE LIMITED, as at March 31, 2009. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides reasonable basis for our opinion.
2. The Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 are not applicable to the company as the company is a private limited company with paid up share capital and reserves less than 50Lacs.
3. Subject to above we report that:
 - a) We have obtained all the information & explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, the company has kept proper books of accounts as required by law so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 2009
 - ii. In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii. In the case of the cash flow statement, of the cash flows of the company for the year ended on that date

For VIREN GANDHI & CO.

Chartered Accountants

VIREN GANDHI

Proprietor

Membership No. 34618

Place : Mumbai

Dated : June 26, 2009

Balance Sheet

as at March 31, 2009

Galaxy Rain Restaurants Private Ltd.

Annual Report 2008-2009

	Schedule	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	100,000	100,000
Loan Funds			
Unsecured Loan	B	292,133	288,163
TOTAL		<u>392,133</u>	<u>388,163</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	C	56,993	57,105
Less : Current Liabilities & Provisions	D	6,909	5,970
Current Liabilities			
Net Current Assets		<u>50,084</u>	<u>51,135</u>
Profit & Loss Account		342,049	337,028
TOTAL		<u>392,133</u>	<u>388,163</u>
Notes to Accounts	F		

As per our attached Report of even date

For VIREN GANDHI & CO.

Chartered Accountants

For and on Behalf of the Board

VIREN GANDHI

Proprietor

Membership No. 34618

Place : Mumbai

Dated : June 26, 2009

Sanjay Seksaria

Director

Atul Ruia

Director

Place : Mumbai

Dated : June 26, 2009

Profit and Loss Account

for the year ended March 31, 2009

Galaxy Rain Restaurants Private Ltd.

Annual Report 2008-2009

	Schedule	For the year ended 31-3-2009 Rupees	For the year ended 31-3-2008 Rupees
INCOME			
Other Income		-	-
		-	-
EXPENDITURE			
Operating and General Expenses	E	5,021	4,851
TOTAL		5,021	4,851
Net Profit / (Loss) of the year		(5,021)	(4,851)
Profit / (Loss) Brought forward from previous year		(337,028)	(332,177)
Balance of Loss carried to the Balance Sheet		342,049	337,028
(Loss) / Earnings per Share-Basic and Diluted (Face Value Rs. 10 each) [Refer Note 7 of Schedule 'F']		(0.50)	(0.49)
Notes to Accounts	F		

As per our attached Report of even date

For VIREN GANDHI & CO.

Chartered Accountants

For and on Behalf of the Board

VIREN GANDHI

Proprietor

Membership No. 34618

Place : Mumbai

Dated : June 26, 2009

Sanjay Seksaria

Director

Atul Ruia

Director

Place : Mumbai

Dated : June 26, 2009

Cash Flow Statement

Galaxy Rain Restaurants Private Ltd.

for the year ended March 31, 2009

Annual Report 2008-2009

	2008-2009 Rupees	2007-2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT / (LOSS) BEFORE TAX	(5,021)	(4,851)
Adjustment for:-		
Depreciation	-	-
Misc expenses written off	-	-
Interest / Dividend	-	-
Profit on Sale of Investment	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(5,021)	(4,851)
Trade & Other Receivables	-	-
Inventories	-	-
Trade and Other Payables	939	1,000
CASH GENERATED FROM / (USED IN) OPERATIONS	(4,082)	(3,851)
Interest paid	-	-
Direct Taxes	-	-
Misc. Expenditure	-	-
Cash flow before Extraordinary Items	-	-
Income/ Exp/ relating to earlier year	-	-
NET CASH FROM OPERATING ACTIVITIES - I	(4,082)	(3,851)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest Received	-	-
Profit on Sale of Investments	-	-
Dividend Received	-	-
NET CASH USED IN INVESTING ACTIVITIES - II	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue of Share Application Money	-	-
Increase in Reserves	-	-
Proceeds From Unsecured Loan	3,970	3,603
Increase & (Decrease) in Bank Borrowing	-	-
Dividend Paid	-	-
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES - III	3,970	3,603
Net (Decrease) / Increase in Cash and Cash Equivalents (I + II + III)	(112)	(248)
Cash & Cash Equivalents as at 01.04.2008 (Opening Balance)	57,105	57,353
Cash & Cash Equivalents as at 31.03.2009 (Closing Balance)	56,993	57,105
Cash and Cash equivalents comprises of :		
Cash on Hand	100	100
Balances with Schedule Banks :		
- in Current Accounts	56,893	57,005
- in Term Deposits	-	-
	56,993	57,105

For VIREN GANDHI & CO.
Chartered Accountants

For and on Behalf of the Board

VIREN GANDHI
Proprietor
Membership No. 34618
Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria **Atul Ruia**
Director Director
Place : Mumbai
Dated : June 26, 2009

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs. 10 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-Up		
10,000 (Previous year 10,000) Equity Shares of Rs. 10 each, fully paid-up	100,000	100,000
All the above shares are held by Galaxy Entertainment Corporation Limited, the holding company & its nominees		
	<u>100,000</u>	<u>100,000</u>
SCHEDULE 'B' : UNSECURED LOAN		
Loan from the holding Company	292,133	288,163
	<u>292,133</u>	<u>288,163</u>
SCHEDULE 'C' : CASH AND BANK BALANCES		
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current Accounts	56,893	57,005
	<u>56,993</u>	<u>57,105</u>
SCHEDULE 'D' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Other Liabilities	6,309	5,370
Sundry Creditors	600	600
	<u>6,909</u>	<u>5,970</u>

Note :

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

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2009

	For the Year ended 31-3-2009 Rupees	For the Year ended 31-3-2008 Rupees
SCHEDULE 'E' : OPERATING AND GENERAL EXPENSES		
Payments to Auditors		
- Audit Fees	3,309	3,370
- Others	1,000	1,000
	<u>4,309</u>	<u>4,370</u>
Filing fees	600	-
Bank Charges	112	481
	<u>5,021</u>	<u>4,851</u>

SCHEDULE 'F': NOTES TO ACCOUNTS

1. **Background**

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

2. **Significant accounting policies**

a. Basis of Preparation of financial statements:

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

b. Use of estimate

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

c. Taxes on Income

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

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

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

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

6. **Related party disclosures**

In accordance with the Accounting Standard 18 on "Related party disclosure" issued by the ICAI, the relevant information for the year ended March 31, 2009 is as under:

Name of related party and description of relationship:

Holding Company:

Galaxy Entertainment Corporation Limited

Fellow Subsidiary:

Rain Fruits and More Private Limited

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

Nature of transaction	Holding Company (Rupees)
Loan received	3,970 (3,603)
Outstanding as at year-end	
Loan payable	292,133 (288,163)

Note : Figures in bracket are with respect to previous year

7. Earning per share

Particulars	2008-2009 Rupees	2007-2008 Rupees
Net Profit / (Loss) for the year as per Profit and Loss account considered as numerator for calculating earnings per share	(5,021)	(4,851)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Nominal value per share	10	10
(Loss)/earning per share – Basic and diluted	(0.50)	(0.49)

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

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

Signatures to Schedules 'A' to 'F'

For VIREN GANDHI & CO.
Chartered Accountants

VIREN GANDHI
Proprietor
Membership No. 34618

Place : Mumbai
Dated : June 26, 2009

For and on Behalf of the Board

Sanjay Seksaria
Director

Atul Ruia
Director

Place : Mumbai
Dated : June 26, 2009

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

		1	2	5	8	4	0
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 State Code :

1	1
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Balance Sheet Date:

3	1
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0	3
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2	0	0	9
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Date Month Year

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

Public Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Bonus Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										
Rights Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Private Placement <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>3</td><td>9</td><td>2</td></tr></table>						3	9	2	Total Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>3</td><td>9</td><td>2</td></tr></table>						3	9	2
					3	9	2										
					3	9	2										
Sources of Funds																	
Paid-up Capital <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>0</td><td>0</td></tr></table>						1	0	0	Reserves & Surplus <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					1	0	0										
					N	I	L										
Secured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Unsecured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>2</td><td>9</td><td>2</td></tr></table>						2	9	2
					N	I	L										
					2	9	2										

Application of Funds

Net Fixed Assets (incl. capital work in progress) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Investments <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										
Net Current Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>5</td><td>0</td></tr></table>						5	0	Misc Expenditure <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	
					5	0											
					N	I	L										
Accumulated Losses <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>3</td><td>4</td><td>2</td></tr></table>						3	4	2	Deferred Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					3	4	2										
					N	I	L										

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

Turnover (Total income) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Total Expenditure <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>5</td></tr></table>							5	
					N	I	L										
						5											
Profit / (Loss) before Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>(5)</td></tr></table>							(5)	Profit / (Loss) after Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>(5)</td></tr></table>							(5)		
						(5)											
						(5)											
Earnings per Share (Rs.) (on profit after taxes) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>(0</td><td>.</td><td>50)</td></tr></table>						(0	.	50)	Dividend Rate % <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					(0	.	50)										
					N	I	L										

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) : <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td>5</td><td>5</td><td>2</td><td>0</td><td>1</td></tr></table>			5	5	2	0	1	Product Description : <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Restaurant with Bar</td></tr></table>	Restaurant with Bar
		5	5	2	0	1			
Restaurant with Bar									

Place: Mumbai
Dated: June 26, 2009

For and on behalf of the Board
Sanjay Seksaria Atul Ruia
Director Director

THE MEMBERS

The Directors of Rain Fruits & More Private Limited take pleasure in presenting the Fourth Annual Report on the operations of the company, together with the audited accounts for the period ended March 31, 2009.

Financial Results

Particulars	Rs. in Lacs	
	Current Year 2008 - 2009	Previous Year 2007 - 2008
Income from operations	313.68	396.09
Profit / (Loss) before Depreciation	(173.56)	(122.53)
Less : Depreciation	37.88	49.91
Profit / (Loss) before Tax	(211.44)	(172.44)

YEAR AND PERIOD UNDER REVIEW

The turnover of the company decreased by 20.81% to 313.68 lacs as against 396.09 lacs in the previous year. Irrespective of various cost cutting measures taken, your Company has reported loss before depreciation amounting Rs.173.56 lacs. After providing for depreciation, the net loss stood at Rs.211.44 lacs.

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nivesh Khandelwal, Director of the Company, shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment. The Board of Directors recommend his re-appointment.

During the period under review, Mr. Nivesh Khandelwal, had due to his other pre-occupations, tendered resignation as a Whole Time Director of the Company.

SHIFTING OF REGISTERED OFFICE

During the period under review, the Registered office of the Company was shifted to 304, B-wing, Prathamesh, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 with effect from 26th June 2009.

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 judgements 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, 2009 and the Loss of the company for the year ended on that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the Annual Accounts of the Company on a going concern basis.

COMPLIANCE CERTIFICATE

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

FIXED DEPOSITS

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

AUDITORS

M/s. Manoj Prabhu & Associates, 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**Sanjay Seksaria**

Director

Udita Jhunhunwala

Director

Place : Mumbai

Dated : July 30, 2009

Secretarial Compliance Certificate

of the subsidiary company for the year ended March 31, 2009

Rain Fruits & More Private Limited

Annual Report 2008-2009

Registration No: U15130MH2005PTC156326

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

To

The Members,
Rain Fruits & More Private Limited.
304, B-Wing, Prathamesh,
Raghuvanshi Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai 400 013.

We have examined the registers, records, books and papers of **Rain Fruits & More Private Limited** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **March 31, 2009** ("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 relatives.
4. The Board of Directors duly met **Four** times during the year on 30th June 2008, 31st July 2008, 23rd October 2008 and 23rd January 2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on **31st March 2008** was held on **22nd September 2008** after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. **No** Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provision of section 297 of the Act in respect of contract specified in that section.
10. As informed to us, the Company has maintained Register under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
 - (i) was not required to deliver any securities as there was no allotment of securities and/or transfer/transmission of shares.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act.

14. The Board of directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company has made application to Central Government seeking exemption from certain disclosure requirements in the profit and loss account for the year ended 31st March 2009.
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, debentures 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 2009 is within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in a duly convened extra-ordinary general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund during the financial year, pursuant to Section 418 of the Act.

For Rath & Associates

Company Secretaries

Narayan Rath

Partner

C.P. No.: 1104

Place : Mumbai

Dated : July 30, 2009

"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 March 31, 2009.

Sr. No.	Form No./ Return	Filed under Section	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 23AC & Form 23ACA	220	Annual Requirement	16-10-2008	Yes	No
2.	Form 66	383A	Secretarial Compliance Certificate	01-10-2008	Yes	No
3.	Form 20B	159	Annual Requirement	07-11-2008	Yes	No
4.	Form 23AAA	211	Application Seeking exemption sought from making certain disclosure requirements in profit and loss and balance sheet	02-01-2009	Yes	No

of the subsidiary company

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 2009, the Profit & Loss account and also Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount 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 & 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 purposes of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st March 2009 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 2009;
 - (ii) In so far as it relates to the Profit & Loss Account, the **Loss** of the company for the year ended on that date; and
 - (iii) In so far as it relates to the cash flow statement, of the cash flow of the company for the year ended on that date.

For Manoj Prabhu & Associates
Chartered Accountants

Manoj Kumar Sharma
Partner
Membership No. : 079903

Place : Mumbai
Dated : June 26, 2009

(Referred to in paragraph 3 of our Report of even date attached)

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 not 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 explanation given to us, there is no effect on the going concern status of the company from discarding of the substantial part of the fixed assets.
2. In respect of its inventories:
 - (A) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
 - (B) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the company and nature of its business.
 - (C) We have been informed that due to nature and size of the company, it is not possible to maintain the records of inventory and periodic inspection at the outlets and stores is carried out. On the basis of information provided to us, no material discrepancies were noticed and have been properly dealt with in the accounts.
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. 80,32,000/- 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. 1,53,60,000/-.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weakness in internal control procedure.

5. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (A) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
7. In our opinion, the company has no internal audit system commensurate with its size and nature of its business.
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 Companies Act, 1956 for any of the products of the company.
9. In respect of statutory dues:
 - (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, Income Tax, and other statutory dues with the appropriate authority during the year.
 - (B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of the year.
10. The Company has **Rs. 50,488,407/- accumulated losses** as at the end of the year and the Company has incurred **cash losses of Rs. 1,23,09,428/-** during current and Rs. 1,39,89,129/- during the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, Clause (xi) of paragraph 4 of the Order is not applicable to the company.
12. In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
13. In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO, 2003 are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
15. In our opinion, the terms and conditions on which the company has not given guarantees for loans taken by other from banks and financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the company.
16. In our opinion and according to information and explanation given to us, the Company has not availed of any term loans during the year. Accordingly, the clause (xvi) of paragraph 4 of the order is not applicable.

17. According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
18. The company has made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year. The price at which the shares have been issued is not prejudicial to the interest of the Company.
19. The Clause (xix) of the order is not applicable, as the company has not issued any debentures during the year.
20. The Company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
21. In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For Manoj Prabhu & Associates

Chartered Accountants

Manoj Kumar Sharma

Partner

Membership No. : 079903

Place : Mumbai

Dated : June 26, 2009

Balance Sheet

as at March 31, 2009

Rain Fruits & More Private Limited

Annual Report 2008-2009

	Schedule	Rupees	As at 31.3.2009 Rupees	Rupees	As at 31.3.2008 Rupees
SOURCE OF FUNDS					
Shareholders' Funds					
Share Capital	A	17,345,920		17,345,920	
Reserves & Surplus	B	<u>27,745,920</u>		<u>27,745,920</u>	
			45,091,840		45,091,840
LOAN FUNDS					
Unsecured Loans	C		15,360,000		7,350,000
TOTAL			<u>60,451,840</u>		<u>52,441,840</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	D	22,836,118		30,469,913	
Less: Depreciation		<u>10,093,820</u>		<u>8,661,193</u>	
Net Block		12,742,298		21,808,720	
Capital Work-in-Progress		-		-	
			12,742,298		21,808,720
Current Assets, Loans and Advances					
Inventories	E	-		1,167,498	
Sundry Debtors	F	1,340,222		2,814,800	
Cash and Bank Balances	G	322,818		353,469	
Loans and Advances	H	<u>3,734,700</u>		<u>4,451,419</u>	
		<u>5,397,740</u>		<u>8,787,186</u>	
Less: Current Liabilities and Provisions	I				
Current Liabilities		8,201,262		7,420,930	
Provisions		<u>104,481</u>		<u>80,000</u>	
		<u>8,305,743</u>		<u>7,500,930</u>	
Net Current Assets			(2,908,003)		1,286,256
Miscellaneous Expenditure	J		129,138		197,076
(To the extent not written off or adjusted)					
Profit and Loss account			50,488,407		29,149,788
TOTAL			<u>60,451,840</u>		<u>52,441,840</u>
Significant Accounting Policies and Notes to Accounts	O				

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

As per our attached Report of even date

For Manoj Prabhu & Associates

Chartered Accountants

Manoj Kumar Sharma

Partner

Membership No. : 079903

Place : Mumbai

Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria

Director

Udita Jhunjhunwala

Director

Place : Mumbai

Dated : June 26, 2009

Profit and Loss Account

Rain Fruits & More Private Limited

for the year ended March 31, 2009

Annual Report 2008-2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME			
Revenue from Food & Beverage Sale	K	31,026,402	39,541,821
Other Income	L	341,561	67,628
TOTAL		31,367,963	39,609,449
EXPENDITURE:			
Employee Expenses	M	7,859,904	9,765,168
Operating and General Expenses	N	34,071,063	40,632,380
Amortisation of Miscellaneous Expenditure		67,938	62,838
Financial Expenses		1,552,429	1,402,677
Depreciation		3,788,298	4,991,006
Loss on Sale/Discarding of Fixed Assets		5,172,952	-
TOTAL		52,512,584	56,854,069
Loss before Taxation for the year		(21,144,621)	(17,244,620)
Provision for Tax			
- Current		-	-
- Deferred		-	-
- Fringe Benefit		114,337	82,435
Profit / (Loss) after Taxation for the year		(21,258,958)	(17,327,055)
Prior Period / Extra ordinary items		(79,658)	(1,715,918)
Balance brought forward		(29,149,791)	(10,106,815)
Balance of Profit carried forward to the Balance Sheet		(50,488,407)	(29,149,788)
Earnings per Share Basic and Diluted (Face Value Rs.10 each)		(16.39)	(13.36)
Significant Accounting Policies and Notes to Accounts	O		

Schedules referred to above form an integral part of the Profit and Loss account

As per our attached Report of even date

For Manoj Prabhu & Associates
Chartered Accountants

Manoj Kumar Sharma
Partner
Membership No.: 079903

Place : Mumbai
Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria
Director

Udita Jhunjunwala
Director

Place : Mumbai
Dated : June 26, 2009

Cash Flow Statement

Rain Fruits & More Private Limited

for the year ended March 31, 2009

Annual Report 2008-2009

	2008-09		2007-08	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) Before Tax		(21,144,621)		(17,244,620)
Adjustment for :				
Depreciation (Current Year)	3,788,298		4,991,006	
Interest + Expense (Net)	1,552,429		1,402,677	
Amortisation of Expenses	67,938		62,838	
Profit/Loss on Sale/Discard of Assets	5,172,952		-	
Prior Period and Extra Ordinary Items	(79,658)		(1,715,918)	
		<u>10,501,959</u>		<u>4,740,603</u>
Operating Profit before Working Capital Changes		(10,642,662)		(12,504,017)
(Increase)/ decrease in working capital :				
Inventories	1,167,498		285,758	
Trade and other receivables	2,191,297		519,593	
Trade and other payables	804,813		2,635,738	
		<u>4,163,608</u>		<u>3,441,089</u>
CASH USED IN OPERATIONS		(6,479,054)		(9,062,928)
Payment of Taxes		(114,337)		(82,435)
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES (A)		<u>(6,593,391)</u>		<u>(9,145,363)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		(1,099,024)		(9,285,552)
Sale of Fixed Assets		1,204,193		-
NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES (B)		<u>105,169</u>		<u>(9,285,552)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital		-		7,500,000
Proceeds from Unsecured Loan		8,010,000		(6,030,476)
Increase in Reserves		-		18,000,000
Misc. Expenses incurred		-		(130,500)
Interest paid		(1,552,429)		(1,402,677)
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)		<u>6,457,571</u>		<u>17,936,347</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		<u>(30,651)</u>		<u>(494,568)</u>
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		<u>353,469</u>		<u>848,037</u>
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		<u>322,818</u>		<u>353,469</u>
Cash and Cash Equivalents Comprise of:				
Cash and Bank Balances (Schedule G)		322,818		353,818
Total		<u>322,818</u>		<u>353,818</u>

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

As per our report annexed

For Manoj Prabhu & Associates

Chartered Accountants

For and on behalf of the Board

Manoj Kumar Prabhu

Partner

Membership No.: 079903

Sanjay Seksaria

Director

Udita Jhunjhunwala

Director

Place : Mumbai

Dated : June 26, 2009

Place : Mumbai

Dated : June 26, 2009

Schedules

Rain Fruits & More Private Limited

Annexed to and forming part of Balance Sheet as at March 31, 2009

Annual Report 2008-2009

As at
31.3.2009
Rupees

As at
31.3.2008
Rupees

SCHEDULE 'A' : SHARE CAPITAL

Authorised

2,500,000	Equity Shares of Rs. 10 each (Previous year 1,000,000 Equity Shares of Rs. 10 each)	25,000,000	25,000,000
		<u>25,000,000</u>	<u>25,000,000</u>

Issued & Subscribed

1,734,592	Equity Shares of Rs. 10 each, fully paid-up	17,345,920	17,345,920
		<u>17,345,920</u>	<u>17,345,920</u>

SCHEDULE 'B' : RESERVES & SURPLUS

	Securities Premium Account	27,745,920	27,745,920
		<u>27,745,920</u>	<u>27,745,920</u>

SCHEDULE 'C' : UNSECURED LOAN

	From the Holding Company	15,360,000	7,350,000
		<u>15,360,000</u>	<u>7,350,000</u>

SCHEDULE 'D' : FIXED ASSETS (at cost less depreciation/amortisation)

Amount in Rupees

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the Year	Deductions/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Plant and Machinery	17,180,525	731,538	1,709,100	16,202,963	5,083,524	2,686,753	820,455	6,949,822	9,253,141	12,097,001
Computers	621,610	11,800	50,650	582,760	344,530	94,979	32,410	407,099	175,661	277,080
Electric Installation	895,359	112,817	-	1,008,176	397,082	183,835	-	580,917	427,259	498,277
Furniture and Fixtures	11,512,864	242,869	6,938,982	4,816,751	2,771,657	772,344	1,483,484	2,060,517	2,756,234	8,741,207
Vehicles	259,555	-	34,087	225,468	64,400	50,387	19,322	95,465	130,003	195,155
SUB TOTAL	30,469,913	1,099,024	8,732,819	22,836,118	8,661,193	3,788,298	2,355,671	10,093,820	12,742,298	21,808,720
Capital work in progress	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	30,469,913	1,099,024	8,732,819	22,836,118	8,661,192	3,788,298	2,355,671	10,093,820	12,742,298	21,808,720
Previous year	21,184,361	9,537,141	251,589	30,469,913	3,670,187	4,991,006	-	8,661,193	21,808,720	

	Rupees	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'E' : INVENTORIES (Lower of Cost or Market Value)			
Outlet supplies and Others Consumables		-	1,167,498
		-	1,167,498
SCHEDULE 'F' : DEBTORS			
Sundry Debtors (Unsecured)			
Debts outstanding for a period exceeding six months			
- Considered Good	1,340,222		
- Considered Doubtful	250,000		
		1,590,222	244,265
Other Debts			
- Considered Good	-		
- Considered Doubtful	-		
		-	2,570,535
		1,590,222	2,814,800
Less: Provision for Doubtful Debts		250,000	-
		1,340,222	2,814,800
SCHEDULE 'G' : CASH AND BANK BALANCES			
(a) Cash on hand		-	38,950
(b) Balances with Scheduled Banks:			
(i) in Current Accounts		11,665	10,000
(ii) in Term Deposits including accrued interest (Pledged with Sales Tax Authorities)		311,153	304,519
		322,818	353,469
SCHEDULE 'H' : LOANS AND ADVANCES			
(Unsecured, considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received		2,194,489	279,979
Security Deposits		1,433,160	4,070,193
Advance payment of Direct Taxes		107,051	101,247
		3,734,700	4,451,419
Note:			
Out of the Above:			
Considered good		3,734,700	4,451,419
Considered doubtful		-	-
		3,734,700	4,451,419

	Rupees	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'I': LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES:			
Sundry Creditors		6,802,130	1,691,606
Book Overdraft		43,351	2,892,616
Other Liabilities		<u>1,355,781</u>	<u>2,836,708</u>
		<u>8,201,262</u>	<u>7,420,930</u>
PROVISIONS:			
Fringe Benefit Tax		104,481	80,000
		<u>104,481</u>	<u>80,000</u>
SCHEDULE 'J': MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses			
Opening Balance	75,880		113,820
Add: Expenses during the year	-		-
Less : Amount Written off during the year	<u>37,940</u>		<u>37,940</u>
		37,940	75,880
Capital Issue Expenditure			
Opening Balance	121,196		15,594
Add: Expenses during the year	-		130,500
Less : Amount Written off during the year	<u>29,998</u>		<u>24,898</u>
		91,198	121,196
		<u>129,138</u>	<u>197,076</u>

	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
SCHEDULE 'K' : REVENUE FROM FOOD AND BEVERAGE SALES		
Sales	31,026,402	39,541,821
	<u>31,026,402</u>	<u>39,541,821</u>
SCHEDULE 'L' : OTHER INCOME		
Interest on fixed deposit	6,634	15,000
Miscellaneous Income	253,141	52,628
Royalty Fee	81,786	-
	<u>341,561</u>	<u>67,628</u>
SCHEDULE 'M' : EMPLOYEE EXPENSES		
Salaries, Wages, Gratuity and Bonus etc.	7,086,542	8,736,810
Contribution to Provident and Other Funds	636,382	847,979
Staff Welfare Expenses	136,980	180,379
	<u>7,859,904</u>	<u>9,765,168</u>
SCHEDULE 'N' : OPERATING AND ADMINISTRATIVE EXPENSES		
Outlets Consumables		
Food, Beverage, Corn & Others (Food consumables, etc.)	18,894,498	18,811,381
Other Operating and Administrative Expenses:		
Fuel, Power and Light	1,960,488	1,898,554
Repairs and Maintainance		
- Machinery	369,234	-
- Others	-	603,516
Rent (Net)	7,324,080	7,740,815
Commission & Guarantee Margin	-	2,194,615
Rates and Taxes	32,537	386,397
Insurance	89,229	225,917
Printing & Stationery	91,964	214,117
Travelling	573,603	1,525,014
Telephone	452,537	514,257
Directors Remuneration	604,800	1,758,000
Payments To Auditors		
- Audit Fees (including tax audit fee)	119,124	101,124
Legal and Professional Fees	311,947	262,499
Bank Charges	19,471	72,619
Other Expenses	2,977,551	4,323,555
Provision for doubtful Debts	250,000	-
	<u>34,071,063</u>	<u>40,632,380</u>

SCHEDULE 'O' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies**1. Background**

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

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

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

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

3. Fixed Assets And Depreciation

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

Depreciation has been provided on written down value method at the rates prescribed in Schedule – XIV to the Companies Act, 1956. Depreciation on assets added during the period has been provided on pro-rata basis. Depreciation on assets, whose actual cost does not exceed Rs. 5,000/-, has been provided depreciation at the rate of 100% in the year in which purchases were made.

4. Inventories

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

5. Revenue Recognition

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

6. Retirement Benefits

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

7. Accounting for Taxes on Income

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

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

8. Preliminary Expenses

Preliminary expenses are amortized over a period of five years.

B. Notes to Accounts

1. The Company is dealing in only one segment of food and beverage items. Further the company operates in a single reportable geographical segment viz in India, since all its customers and assets are located in India.
2. The Company has entered into MOU with its Holding Company M/s Galaxy Entertainment Corporation Ltd. w.e.f. 01.02.2009 to run the existing kiosks by the holding company.
3. Balances of sundry debtors, creditors, loans and advances are subject to confirmation.
4. In the opinion of the management, the current assets, loans and advances and current liabilities are of the value stated, if realized/paid in the ordinary course of business. The provision for depreciation on fixed assets and provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
5. No provision for the retirement benefits has been made for the year as there is no employee in the company at the year end.
6. There is no contingent liability.
7. 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 March 31, 2009 is as under:

A. List of Related Party**(i) Company**

Galaxy Entertainment Corporation Ltd. (Holding company)

(ii) Key Management Personnel

Mr. Nivesh Khandelwal, Director

(iii) Other parties related to key personnel.

Dr. Chander Prakash Khandelwal (Relative of Director)

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

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

B. Transactions with Related Parties

Nature of Transactions	Name of Party	Amount (In Rs.)
Office Rent	Dr. Chander Prakash Khandelwal	175,000/-
Office Rent	Dr. M. Gouri	175,000/-
Rent & Electricity Exp.	Gouri Hospital Pvt. Ltd.	75,000/-
Director's Remuneration	Mr. Nivesh Khandelwal	604,800/-
Sales of Assets	- do -	1,452,095/-
Rent Paid	Galaxy Entertainment Corporation Limited	267,467/-
Purchases	- do -	588,275/-
Sales	- do -	1,296,795/-
Interest Payments	- do -	1,552,429/-
Loan Received	- do -	8,010,000/-
Reimbursement of Expenses	- do -	12,619/-
Assets Purchase	- do -	27,054/-
Assets Sold	- do -	6,615/-
Outstanding at the Year end:		
Sundry Creditors	- do -	2,330,505/-
PAN India Division	- do -	418,766/-
Capital Contribution	- do -	35,491,840/-
Loan Repayable	- do -	15,360,000/-

8. Earning Per Share - Basic and Diluted:

Particulars	2008-2009 Rupees	2007-2008 Rupees
Net Loss for the year as per profit and loss account considered as numerator for calculating earnings per share	(21,258,958)	(17,327,055)
Weighted average number of equity shares outstanding during the year	1,297,092	1,297,092
Nominal Value per share	10	10
Earnings per share - Basic and Diluted	(16.39)	(13.36)

9. 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, 2009 in terms of the provisions of "The Micro Small Medium Enterprises Development Act, 2006".
10. The Company has applied for waiver the disclosing requirement of the quantitative details required by paragraph 3 (i) (a) and 3 (ii) (d) of the part II of the Schedule VI of the Companies Act, 1956 vide application dated 30.06.2008 for the year 2008-09.
11. No deferred tax assets have been recognized due to non virtual reasonable certainty of its realization.
12. Managerial Remuneration paid to Mr. Nivesh Khandelwal, Wholetime Director under section 198 of the Companies Act, 1956 is as under:

Particulars	2008-2009 Rupees	2007-2008 Rupees
Salaries and other benefits	579,398	16,84,164
Contribution in Employees Provident Fund	25,402	73,836
Total	604,800	17,58,000

The Managerial Remuneration has been provided only for the period of 01-04-2008 to 31-07-2008.

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

As per our report of even date

For Manoj Prabhu & Associates
Chartered Accountants

Manoj Kumar Sharma
Partner
Membership No.: 079903
Place : Mumbai
Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria
Director
Place : Mumbai
Dated : June 26, 2009

Udita Jhunjunwala
Director

RAIN FRUITS & MORE PRIVATE LIMITED

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

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. U 1 5 1 3 0 M H 2 0 0 5 P T C 1 5 6 3 2 6

State Code : 1 1

Balance Sheet Date: 3 1 0 3 2 0 0 9
Date Month Year

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

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

6 0 4 5 2

Total Assets

6 0 4 5 2

Sources of Funds

Paid-up Capital

1 7 3 4 6

Secured Loans

Nil

Reserves & Surplus

2 7 7 4 6

Unsecured Loans

1 5 3 6 0

Application of Funds

Net Fixed Assets

(incl. capital work in progress)

1 2 7 4 2

Net Current Assets

(2 9 0 8)

Accumulated Losses

5 0 4 8 8

Investments

Nil

Misc Expenditure

1 2 9

Deferred Tax

Nil

Performance of Company (Amount in Rs. Thousands)

Turnover (Total income)

3 1 3 6 8

Profit / (Loss) before Tax

(2 1 1 4 4)

Earnings per Share (Rs.)

(on profit after taxes)

(1 6 . 3 9)

Total Expenditure

5 2 5 1 2

Profit / (Loss) after Tax

(2 1 2 5 9)

Dividend Rate %

Nil

V. Generic Names of Three Principal Product/services of the Company (as per monetary terms)

Item Code No. (ITC Code) :

8 5 6 3 9 0

Product Description :

NOT APPLICABLE

For and on behalf of the Board

Sanjay Seksaria
Director

Udita Jhunjhunwala
Director

Place : Mumbai
Dated : June 26, 2009

galaxy
ENTERTAINMENT CORPORATION LIMITED

on consolidated financial statements

TO THE BOARD OF DIRECTORS OF GALAXY ENTERTAINMENT CORPORATION LIMITED

We have examined the attached consolidated Balance Sheet of Galaxy Entertainment Corporation Limited and its subsidiaries as at 31st March, 2009 and the consolidated Profit and Loss Account for the year ended on that date and Cash Flow statement annexed thereto.

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

We did not audit the financial statement of the two subsidiaries, whose financial statements reflect total assets of Rs. 98.84 lacs as at 31st March, 2009, total revenues of Rs. 313.68 lacs and net cash flows of Rs. (0.31) lacs for the year ended. These financial statements have been audited by other auditors whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of subsidiaries, are based solely on the report of the other auditors.

We report as under:

- 1) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Galaxy Entertainment Corporation Limited and its subsidiaries included in the consolidated financial statements.
- 2) The Balance Sheet and Profit and Loss Account dealt with by this report are prepared in compliance of the applicable accounting standards referred to under Section 211(3C) of the Companies Act, 1956.
- 3) On the basis of the information and explanation given to us and on consideration of the separate audit reports on individual audited financial statements of Galaxy Entertainment Corporation Limited and its Subsidiaries, we are of the opinion that the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in so far it relates to the consolidated Balance Sheet, of the consolidated state of affairs of Galaxy Entertainment Corporation Limited and its subsidiaries as at 31st March, 2009; and
 - b. in so far it relates to the consolidated Profit and Loss Account, consolidated results of operations of Galaxy Entertainment Corporation Limited and its subsidiaries for the year then ended.
 - c. in case of consolidated Cash Flow Statement, of the consolidated cash flows of Galaxy Entertainment Corporation Limited and its subsidiaries for the year ended on that date.

For Haribhakti & Co.

Chartered Accountants

Chetan Desai

Partner

Membership No.: 17000

Place : Mumbai

Dated : June 26, 2009

Consolidated Balance Sheet

Annual Report 2008-2009

as at March 31, 2009

	Schedule	Rupees	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SOURCE OF FUNDS				
Shareholders' Funds				
Share Capital	A	156,499,350		156,499,350
Reserves & Surplus	B	<u>336,560,432</u>		<u>336,560,432</u>
TOTAL			493,059,782	493,059,782
Minority Interest (Refer Note 16 of Schedule 'S')			-	2,893,032
Loan Funds				
Secured Loan	C		236,039,612	116,932,343
Unsecured Loan			-	-
TOTAL			<u>729,099,394</u>	<u>612,885,157</u>
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		696,637,515		607,024,428
Less : Depreciation/Amortisation/Impairment		<u>239,585,800</u>		<u>167,754,634</u>
Net Block		457,051,715		439,269,794
Less: Provision for Fixed Assets written Off		20,000,000		-
Add: Capital Work-in-Progress		<u>90,514,564</u>		<u>64,563,799</u>
			527,566,279	503,833,593
Investments	E		784,694	22,320,397
Deferred Tax Asset (Net)			2,682,499	2,682,499
Current Assets, Loans and Advances				
Inventories	F	7,530,372		8,944,170
Sundry Debtors	G	3,901,094		9,018,901
Cash and Bank Balances	H	53,085,404		89,933,296
Other Current Assets	I	12,966,688		16,540,483
Loans and Advances	J	<u>101,544,006</u>		<u>108,661,493</u>
		<u>179,027,564</u>		<u>233,098,343</u>
Less: Current Liabilities and Provisions	K			
Current Liabilities		149,911,313		132,854,673
Provisions		<u>11,076,000</u>		<u>11,106,068</u>
		<u>160,987,313</u>		<u>143,960,741</u>
Net Current Assets			18,040,251	89,137,602
Profit and Loss Account	L		180,025,671	(5,088,934)
TOTAL			<u>729,099,394</u>	<u>612,885,157</u>
Significant Accounting Policies and Notes to Account	S			

Schedules referred to above form an integral part of the Balance Sheet
As per our attached Report of even date

For Haribhakti & Co
Chartered Accountants

For and on behalf of the Board

Chetan Desai
Partner
Membership No. :17000
Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria
Wholetime Director

Shishir Baijal
Director

Place : Mumbai
Dated : June 26, 2009

Consolidated Profit & Loss Account

Annual Report 2008-2009

For the year ended March 31, 2009

	Schedule	For the Year ended 31.3.2009 Rupees	For the Year ended 31.3.2008 Rupees
INCOME:			
Revenue from Services / Sale of Rights	M	395,604,335	389,420,730
Other Income	N	4,142,317	9,053,431
TOTAL		399,746,652	398,474,161
EXPENDITURE:			
Employee Expenses	O	95,228,276	84,644,366
Operating and Administrative Expenses	P	403,726,724	322,098,291
Interest and Finance Charges	Q	15,760,383	6,405,060
Depreciation / Amortisation / Impairment		62,486,964	47,446,697
Goodwill on Consolidation Written Off		13,380,922	-
TOTAL		590,583,269	460,594,414
Profit/(Loss) before Exceptional Items, Minority Interest and Taxation for the year		(190,836,617)	(62,120,253)
Exceptional Items :	R	-	8,937,613
Profit/(Loss) before Minority Interest and Taxation for the year		(190,836,617)	(53,182,640)
Provision for Tax - Current		-	-
- Prior Years		-	-
- Deferred		-	-
- Fringe Benefit		1,214,337	799,030
Profit after Taxation for the year		(192,050,954)	(53,981,670)
Prior period adjustments		4,043,317	(1,715,918)
Minority Interest in Loss of the Subsidiary (Refer Note 16 of Schedule 'S')		2,893,032	4,698,044
Adjusted in Goodwill on further Acquisition		-	2,352,759
Balance brought forward from previous year		5,088,934	53,735,719
Balance of Profit carried forward to the Balance Sheet		(180,025,671)	5,088,934
Basic and Diluted Earnings per Share (Face Value Rs.10 each)			
- Before Exceptional Items		(11.83)	(4.00)
- After Exceptional Items		(11.83)	(3.38)

(Refer Note 14 of Schedule 'S')

Significant Accounting Policies and Notes to Account

S

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

As per our Report attached of even date

For Haribhakti & Co.
Chartered Accountants

For and on behalf of the Board

Chetan Desai
Partner
Membership No. : 17000
Place : Mumbai
Dated : June 26, 2009

Sanjay Seksaria
Wholetime Director

Shishir Baijal
Director

Place : Mumbai
Dated : June 26, 2009

Cash Flow Statement

Annual Report 2008-2009

for the year ended March 31, 2009

	2008 - 09	2007 - 08
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT / (LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEMS	(190,836,617)	(53,182,640)
Adjustment for :		
Depreciation & Goodwill Written Off	75,867,886	47,249,621
Change in method of accounting for Depreciation	-	(8,937,613)
Interest Expense	15,760,383	6,405,060
Dividend Income	(30,002)	(4,837,190)
Interest Income	(3,186,799)	(1,519,466)
(Gain)/Loss on Foreign Exchange Fluctuation	12,289,316	(10,475,920)
(Profit)/Loss on Sale /Redemption of Investments (Net)	6,633,596	(12,535,845)
Loss on Sale/Discarding of Assets	5,172,952	-
Prior Period and extra ordinary items	4,043,317	(1,715,918)
Interest Accrued	-	6,517,397
Provision for Fixed Assets Written Off	20,000,000	-
Sundry Assets Written Off	13,492,883	574,889
Bad Debts Written Off	1,096,124	-
Miscellaneous Expenditure written off	-	1,183,456
	<u>151,139,656</u>	<u>21,908,471</u>
Operating Profit before Working Capital Changes	(39,696,961)	(31,274,169)
(Increase)/ decrease in working capital :		
Trade and other receivables	13,385,618	(14,816,216)
Inventories	1,413,798	108,095
Trade and other Payables	(6,768,014)	105,533,994
Other Current Assets	3,573,795	(16,540,483)
Net Current Assets acquired pursuant to merger	-	68,907,834
	<u>11,605,197</u>	<u>143,193,225</u>
CASH USED IN OPERATIONS	(28,091,764)	111,919,056
Payment of Taxes	(3,312,259)	(6,410,561)
NET CASH USED IN OPERATING ACTIVITIES (A)	<u>(31,404,023)</u>	<u>105,508,495</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets/Capital Advances paid	(139,755,130)	(205,024,608)
(Increase in) / Redemption of Investments	14,902,107	139,335,740
Sale of Fixed Assets	1,488,733	-
Dividend Received	30,002	4,837,190
Interest Received	3,046,291	1,720,722
Fixed Assets/Investments Acquired pursuant to merger	-	84,981,171
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>(120,287,997)</u>	<u>25,850,215</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Misc expense incurred	-	(130,500)
Loans repaid by subsidiaries	-	12,861,007
Net change in borrowings (outflow) / inflow	119,107,269	39,429
Loans taken over pursuant to merger	-	(72,783,168)
Interest paid	(16,078,032)	(6,405,060)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	<u>103,029,237</u>	<u>(66,497,150)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	(48,662,783)	64,861,560
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR	87,040,680	22,179,120
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR	<u>38,377,897</u>	<u>87,040,680</u>
Composition of Cash and Cash equivalents :		
Cash & Bank Balances (Refer Schedule 'I')	53,085,404	89,933,296
Less : Book Overdraft (Refer Schedule 'K')	(14,707,507)	(2,892,616)
Total	<u>38,377,897</u>	<u>87,040,680</u>

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

As per our attached report of even date

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. : 17000
Place : Mumbai
Dated : June 26, 2009

For and on behalf of the Board

Sanjay Seksaria
Wholtime Director

Shishir Baijal
Director

Place : Mumbai
Dated : June 26, 2009

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid-up		
15,649,935 Equity Shares of Rs. 10 each, fully paid-up	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>

SCHEDULE 'B' : RESERVES & SURPLUS**Securities Premium Account:**

As per last Balance Sheet	318,497,460	262,018,525
Add: Securities premium received during the year	-	56,478,935
	<u>318,497,460</u>	<u>318,497,460</u>
General Reserve	18,062,972	18,062,972
	<u>336,560,432</u>	<u>336,560,432</u>

SCHEDULE 'C' : SECURED LOANS

Foreign Currency Loan from HDFC Bank	-	26,387,584
Axis Bank - Cash Credit	-	13,019,279
Axis Bank - Term Loan*	236,039,612	77,525,480
	<u>236,039,612</u>	<u>116,932,343</u>

(* Against charge on entire current and future movable fixed/current assets of the Company)

SCHEDULE 'D' : FIXED ASSETS (at Cost less Depreciation / Amortisation / Impairment) Amount in Rupees

Particulars	Gross Block (1)				Depreciation / Amortisation				Net Block	
	As at 01.04.2008	Additions	Deductions/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the Year	Deductions/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Goodwill on consolidation	13,380,922	-	-	13,380,922	-	13,380,922	-	13,380,922	-	13,380,922
Improvements to Licensed Premises [Refer Note No. 6 to Schedule 'S']	56,430,708	35,745,730	14,843,974	77,332,464	6,813,877	6,492,372	1,415,919	11,890,330	65,442,134	49,616,831
Plant and Machinery (1)	354,834,731	56,691,177	1,738,710	409,787,198	54,341,915	40,064,832	821,435	93,585,312	316,201,886	300,492,866
Furniture and Fixtures	54,308,076	21,239,438	7,007,254	68,540,260	12,843,842	10,236,746	1,499,593	21,580,995	46,959,265	41,464,234
Computer Software	4,080,147	128,020	50,650	4,157,517	1,073,309	808,817	32,410	1,849,716	2,307,801	3,006,838
Vehicles	2,496,101	-	550,690	1,945,411	1,012,220	480,373	267,363	1,225,230	720,181	1,483,831
Intangibles										
Rights / Brands	115,112,743	-	-	115,112,743	91,019,498	3,260,000	-	94,279,498	20,833,245	24,093,245
Liquor License cost	6,381,000	-	-	6,381,000	649,973	1,143,824	-	1,793,797	4,587,203	5,731,027
SUB TOTAL	607,024,428	113,804,365	24,191,278	696,637,515	167,754,634	75,867,886	4,036,720	239,585,800	457,051,715	439,269,794
Capital Work in Progress (2)									90,514,564	64,563,799
GRAND TOTAL	607,024,428	113,804,365	24,191,278	696,637,515	167,754,634	75,867,886	4,036,720	239,585,800	547,566,279	503,833,593
Previous Year	410,625,700	250,076,089	(53,677,361)	607,024,428	168,870,908	46,998,295	(48,114,569)	167,754,634	503,833,593	

Note :

1. Gross block includes contribution of Rs. 1,200,000 towards elevator jointly owned with another company.
2. Includes Pre-operative expenses Rs. 25,328,757 (Previous year Rs. 10,564,522)

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2009

			As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'E' : INVESTMENTS				
(Unquoted unless otherwise stated)				
Trade Investments				
National Savings Certificate (under lien)			60,000	40,000
Total Trade Investments			60,000	40,000
In Equity Shares:	No. of units/shares	Face Value		
	31.03.2009	31.03.2008	(Rs.)	
In units of Mutual Funds:				
Reliance Vision Fund (Dividend)*	15,000	51,890	10	724,694
L099 G Magnum Multi Cap Fund - Growth*	-	995,006	10	-
				15,223,582
Current Investments				
(At lower of cost and fair value):				
HDFC FMP 26 Months - August 2006*	-	455,000	10	-
				4,550,000
				784,694
Less: Excess of Cost over Fair Value of Current Investments				-
Total Investments			784,694	22,320,397

* Units of mutual fund lien against loan

Notes :

- Aggregate net asset value of Investments in Mutual funds as at March 31, 2009 is Rs. 396,597 (Previous year Rs. 645,900)
Aggregate cost of investments in Mutual Funds is Rs. 724,693 (Previous year Rs. 22,280,411)
- Refer Note No. 9 to Schedule 'S' for details regarding Investments purchased and redeemed/sold during the year.

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'F': INVENTORIES (Lower of Cost and Market Value)		
Restaurant Supplies and Consumables	3,595,902	3,917,528
Video Games Consumables	3,934,470	5,026,642
	<u>7,530,372</u>	<u>8,944,170</u>
SCHEDULE 'G': SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	1,340,222	244,265
- Considered doubtful	250,000	-
Other Debts		
- Considered Good	2,560,872	8,774,636
- Considered Doubtful	293,319	-
	<u>4,444,413</u>	<u>9,018,901</u>
Less: Provision for doubtful debts	(543,319)	-
	<u>3,901,094</u>	<u>9,018,901</u>
SCHEDULE 'H': CASH AND BANK BALANCES		
Cash on hand	2,235,651	1,097,971
Balances with Scheduled Banks:		
(i) in Current accounts	38,760,940	74,547,125
(ii) in Term deposits	12,088,813	14,288,200
	<u>53,085,404</u>	<u>89,933,296</u>
SCHEDULE 'I': OTHER CURRENT ASSETS		
Foreign currency Receivables & Deferred Premiums	12,966,688	16,540,483
	<u>12,966,688</u>	<u>16,540,483</u>
SCHEDULE 'J': LOANS AND ADVANCES		
(Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	33,834,981	39,563,096
Deposits for Premises	53,696,015	57,238,200
Due from companies under same management (Refer Note 18 of Schedule 'S')	1,605,835	1,558,972
Advance payment of Taxes	12,407,175	10,301,225
	<u>101,544,006</u>	<u>108,661,493</u>
Less: Provision for Doubtful Advances	-	-
	<u>101,544,006</u>	<u>108,661,493</u>

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2009

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
SCHEDULE 'K': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 20 of Schedule 'S')	101,180,325	57,972,349
Book Overdraft	14,707,507	2,892,616
Other Liabilities	34,023,481	71,672,059
Interest Accrued but not due	-	317,649
	<u>149,911,313</u>	<u>132,854,673</u>
PROVISIONS:		
Income Tax	-	1,100,000
Fringe Benefit Tax	3,468,138	2,360,110
Gratuity	3,544,751	2,443,946
Leave Encashment	4,063,111	3,645,358
Others	-	1,556,654
	<u>11,076,000</u>	<u>11,106,068</u>
SCHEDULE 'L': PROFIT AND LOSS ACCOUNT		
Profit and Loss Account	180,025,671	5,088,934
	<u>180,025,671</u>	<u>5,088,934</u>

Schedules

Annual Report 2008-2009

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2009

		For the Year ended 31.3.2009 Rupees	For the Year ended 31.3.2008 Rupees
SCHEDULE 'M': REVENUE FROM SERVICES/SALE OF RIGHTS			
Games		209,703,419	195,753,083
Restaurants			
Wines, Liquor and Tobacco	76,141,876		58,544,815
Food, Beverage etc.	<u>98,869,886</u>		<u>129,585,988</u>
		175,011,763	188,130,803
Sponsorships		2,630,354	4,905,199
Sale of Film Rights		3,286,634	-
Income from Machine hire charge		3,776,468	-
Miscellaneous Receipts		1,195,697	631,645
		<u>395,604,335</u>	<u>389,420,730</u>
SCHEDULE 'N' : OTHER INCOME			
Dividend Income		30,002	4,837,190
Interest on Fixed Deposit		2,959,660	1,519,466
[Tax deducted at source Rs. 114,143/- (Previous year Rs. 251,006)]			
Provision no longer required, written back (net)		43,573	625,594
Miscellaneous Income		881,943	2,071,181
Interest Others		227,139	-
		<u>4,142,317</u>	<u>9,053,431</u>
SCHEDULE 'O' : EMPLOYEE EXPENSES			
Salaries, Wages, Gratuity and Bonus etc.		85,844,548	75,777,098
Contribution to Provident and Other Funds		7,023,912	5,726,409
Staff Welfare Expenses		<u>2,359,816</u>	<u>3,140,859</u>
		<u>95,228,276</u>	<u>84,644,366</u>
SCHEDULE 'P' : OPERATING AND GENERAL EXPENSES			
Restaurant Consumables			
Wines, Liquor, Beverage & Tobacco	27,975,219		24,400,267
Food consumables, etc.	<u>47,246,040</u>		<u>62,074,865</u>
		75,221,259	86,475,132
Games Expenses		13,589,409	15,271,410
Other Operating and Administrative Expenses:			
Fuel, Power and Light		38,281,760	34,601,464
Repairs and Maintenance			
- Building	978,830		24,300
- Machinery	5,316,660		10,890,918
- Others	<u>5,889,434</u>		<u>3,813,274</u>
		12,184,924	14,728,492

Schedules

Annual Report 2008-2009

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2009

		For the Year ended 31.3.2009	For the Year ended 31.3.2008
	Rupees	Rupees	Rupees
SCHEDULE 'P' : (Continue)			
Rent		142,968,729	117,687,098
Rates and Taxes		19,574,688	18,927,616
Insurance		2,850,723	2,561,094
Advertisement and Publicity		8,832,481	7,567,035
Printing & Stationery		2,335,194	2,672,891
Travelling		6,921,168	5,677,286
Telephone		3,866,868	3,948,205
Payments To Auditors			
- Audit Fees	622,423		604,495
- Tax Audit Fees	100,000		100,000
- Others	336,530		420,542
		1,058,963	1,125,037
Legal and Professional Fees		6,793,828	9,536,452
Security Charges		3,495,401	3,281,132
Directors Sitting Fees		225,000	280,000
Bad Debts Written off	552,805		1,232,113
Provision for Doubtful Debts Utilised	543,319		-
		1,096,124	1,232,113
Commission on Credit Cards		1,200,228	901,283
Commission and Guarantee Margin		-	2,194,615
Sundry Assets written off		13,147,531	574,889
Provision - Accrued Interest on Custom Duty		-	6,715,160
(Gain)/Loss on foreign exchange fluctuation in respect of foreign currency		12,289,316	(10,475,920)
(Profit)/sale on sale of short term investment		7,485,488	(4,746,343)
(Profit)/sale on sale of long term investment		(851,892)	(7,789,502)
Miscellaneous Expenditure written off		-	986,380
Miscellaneous Expenses		5,986,582	8,165,272
Provision for Fixed Assets written off		20,000,000	-
Loss on Sale/Discarding of Fixed Assets		5,172,952	-
		403,726,724	322,098,291
SCHEDULE 'Q' : INTEREST AND FINANCE CHARGES			
Bank Charges		797,663	2,328,376
Interest on ICD / Overdrawn		-	800,993
Forward Cover Premium		235,862	2,002,503
Interest on Term Loans		13,781,956	25,480
Interest on Cash Credit		471,953	4,279
Interest on Foreign Currency Loan		450,779	1,243,429
Interest on Delay Payment		22,170	-
		15,760,383	6,405,060
SCHEDULE 'R' : EXCEPTIONAL ITEMS			
Change in method of Depreciation		-	8,937,613
Total		-	8,937,613

SCHEDULE 'S': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. BACKGROUND

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country and as at the balance sheet date it has 27 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, etc. The company has two subsidiaries namely, Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited.

2. SIGNIFICANT ACCOUNTING POLICIES**a. Basis for preparation of consolidated financial statements**

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

b. Use of estimates

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

c. *Principals of Consolidation*

The consolidated financial statements relate to Galaxy Entertainment Corporation Limited ('the Parent') and its subsidiary companies (the "Group"). The consolidated financial statements have been prepared in accordance with the principals and procedures required for the preparation and presentation of financial statements as laid down under the Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India. The financial statements of the parent and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and resulting unrealized gain/losses.

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

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

d. Fixed assets and depreciation

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

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

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

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

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

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

f. Investments

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

g. Inventories

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

h. Revenue recognition

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

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

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

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

i. Retirement benefits

Retirement benefits to employees comprise of provident fund contributions, gratuity and leave encashment entitlements. Contribution to provident fund is made in accordance with the statute and provided on accrual basis. Gratuity and leave encashment liabilities are provided for, according to the rules of these benefit schemes, on the basis of actuarial valuation at year-end made by independent actuaries.

j. Taxes on income

Provision for tax is made for both current and deferred tax. Provision for current tax is made, at the current rate of tax, based on assessable income. Deferred tax resulting from timing differences between taxable

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

incomes and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets, other than on unabsorbed tax depreciation and unabsorbed tax losses, are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

k. Foreign Currency Transactions

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

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

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

Name of the entity	Country of Incorporation	Proportion of ownership interest/ voting power (%)
Galaxy Rain Restaurants Private Limited	India	100
Rain Fruits and More Private Limited	India	72.18

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.20,097,830 (Previous year Rs.8,413,768).

5. a) Contingent liabilities not provided for in respect of guarantees given by banks Rs. 11,902,559 (Previous Year 11,591,509).

b) Amount outstanding towards Letters of Credit Rs. Nil (Previous Year Rs. Nil)

c) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of duty on an undertaking to fulfill export obligation of Rs.529,663,942 outstanding as at balance sheet date (Previous Year 463,646,128).

d) Claims made by landlords for Service Tax which is not as per the terms of agreement have not been provided for in the accounts.

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

7. During the year management has revised the estimated useful life of certain items of furniture & Fixtures which are now written off over a period of two year as against the earlier depreciation rate Of 15% SLM

8. Contingent Liability

Particulars	2008 - 2009 Rupees	2007 - 2008 Rupees
Income Tax Demands	4,042,964	-
Indirect Tax Demands	21,68,316	-

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

9. Particulars of investments sold/redeemed during the year referred to in schedule 'E'

Name of the Mutual Fund	Units
Reliance Vision Fund	36,889
Magnum Multi Cap Fund - Growth	9,95,006.275
HDFC FMP 26 Months - August 2006	4,55,000

10. Expenditure in foreign currency

Particulars	2008-2009 Rupees	2007-2008 Rupees
Travel Expenses	2,69,009	124,155
Capital Goods and Spare Parts	44,365,692	54,352,291
Membership Fees	15,099	-
Total	44,649,800	54,476,446

11. Earnings in foreign currency

Particulars	2008-2009 Rupees	2007-2008 Rupees
Leisure and Entertainment Income	1,577,070	2,584,248
Total	1,577,070	2,584,248

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, 2009 is as under:

Names of related parties and description of relationship:

I. Key Managerial Personnel

Mr. Sanjay Seksaria (Whole Time Director)

Mr. Nivesh Khandelwal (Whole Time Director)

II. Other Entities where control exists

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

Dr. Chander Prakash Khandelwal (Relative of Director)

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

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

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

Nature of transaction	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Salaries and allowances -			
Mr. Sanjay Seksaria	3,525,893	-	3,525,893
	(3,759,400)	(-)	(3,759,400)
Mr. Nivesh Khandelwal	604,800	-	604,800
	(1,758,000)	(-)	(1,758,000)

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

Nature of transaction	Key Management Personnel Rupees	Other Related Parties Rupees	Total Rupees
Advance Received from PRIL for Business Commitment		- (25,000,000)	- (25,000,000)
Capex Incurred on behalf of PRIL		- (6,442,454)	- (6,442,454)
Purchase from PRIL		2,320,299 (5,722,472)	2,320,299 (5,722,472)
Sales to PRIL		4,727,667 (2,965,650)	4,727,667 (2,965,650)
Office Rent			
Dr. Chander Prakash Khandelwal		175,000 (210,000)	175,000 (210,000)
Dr. M. Gouri		175,000 (210,000)	175,000 (210,000)
PRIL		23,979,262 (16,151,138)	23,979,262 (16,151,138)
Rent & Electricity Exp. Gouri Hospital Pvt. Ltd.		75,000 (90,000)	75,000 (90,000)
Reimbursement of Expenses to PRIL		1,684,619 (2,739,249)	1,684,619 (2,739,249)
Outstanding at year-end:			
Sundry Creditors - PRIL		5,385,143 (32,599,124)	5,385,143 (32,599,124)

Figures in bracket are with respect to previous year

13. Properties which are under operating agreements

Particulars	2008-2009 Rupees	2007-2008 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	34,754,783	35,529,387
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	30,101,578	51,561,247
- Later than 1 year and not later than 5 years	44,554,230	48,250,657
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	74,655,808	99,811,904

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

14. Earnings per share

Particulars	2008-2009 Rupees	2007-2008 Rupees
Net Profit /(Loss) for the year before exceptional item after tax as per profit and loss account considered as numerator for calculating earnings per share (A)	(185,114,605)	(57,584,397)
Net Profit/(Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share (B)	(185,114,605)	(48,646,785)
Weighted average number of equity shares outstanding during the year (C)	15,649,935	14,397,700
Nominal value per share	10	10
Earning per share before exceptional item (A)/(C)	(11.83)	(4.00)
Earning/(Loss) per share (B)/(C)	(11.83)	(3.38)

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

Particulars	Pre- operative expenses capitalised (Rs.) (2008 - 2009)	Pre-operative expenses expenses capitalised (Rs.) (2007 - 2008)
Salary, Wages and Bonus	11,355,413	13,071,885
Project Traveling Expenses	2,832,655	3,979,368
License and Registration charges	1,192,812	7,681,051
Legal and Professional charges	1,205,082	1,571,067
Insurance	16,264	10,575
Rent	4,913,695	2,862,245
Miscellaneous Expenses	5,385,333	7,666,431
Total	26,901,254	36,842,622

16. Minority Interest

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

Share in losses of subsidiaries relating to minority interest is adjusted only to the extent of Rs.28,93,032/- being the balance standing to the credit of minority interest. The balance loss of Rs. 30,41,975/- is debited to consolidated profit & loss account.

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

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

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

Name of the Company	Maximum Amount Outstanding during the year	Balance Outstanding as at March 31, 2009
Galaxy Entertainment	1,605,835	1,605,835
India Private Limited	(1,558,972)	(1,558,972)

Figures in bracket are with respect to previous year

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

I. Defined Contribution Plans

Provident Fund

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

	Year ended March 31, 2009 (Rs.)
Employer's contribution to Provident Fund	4,460,974

II. Defined Benefit Plans

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

b. Leave Encashment (Non - Funded Scheme)

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

Discount Rate (per annum)	7%
Rate of increase in compensation levels (per annum)	10%

A. Change in the Present Value of Obligation

	Year Ended March 31, 2009	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	2,242,795	3,645,358
Interest Cost	239,156	372,432
Current Service Cost	792,171	1,283,903
Benefits Paid	(91,023)	(547,713)
Actuarial (gain) / loss on Obligations	361,652	(690,869)
Present Value of Defined Benefit Obligation as at the end of the period	3,544,751	4,063,111

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

	Year Ended March 31, 2009	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	3,544,751	4,063,111
Fair Value of Plan Assets as at end of the period	-	-
Funded Asset recognized in the Balance Sheet	-	-
Included in provision (Schedule)	-	-
Present Value of Unfunded Obligation as at end of the period	-	-
Unrecognized Actuarial gains / (losses)	-	-
Unfunded Liability recognized in the Balance Sheet	3,544,751	4,063,111
Included in provision (Schedule)	3,544,751	4,063,111

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009

C. Amount recognized in the Balance Sheet

	Year Ended March 31, 2009	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at the end of the period	3,544,751	4,063,111
Fair Value of Plan Assets as at end of the period	Nil	Nil
Liability / (Net Asset) recognized in the Balance Sheet	3,544,751	4,063,111

D. Expenses recognized in Profit and Loss Account

	Year Ended March 31, 2009	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Current Service Cost	792,171	1,283,903
Past Service Cost	Nil	Nil
Interest Cost	239,156	372,432
Expected Return on Plan Assets	Nil	Nil
Curtailment Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Net Actuarial (gain) / Loss recognized in the Period	361,652	(690,869)
Total Expenses recognized in the Profit And Loss Account	1,392,979	965,466

20. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to section 3 of the Industries (Development and Regulation) Act, 1951 and there are no suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2009 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".

21. Previous year's figures have been regrouped where necessary, to conform to current year's classification.

Signatures to Notes 'A' to 'S'

As per our attached report of even date

For Haribhakti & Co.

Chartered Accountants

For and on behalf of the Board

Chetan Desai

Partner

Membership No.: 17000

Sanjay Seksaria

Wholetime Director

Shishir Baijal

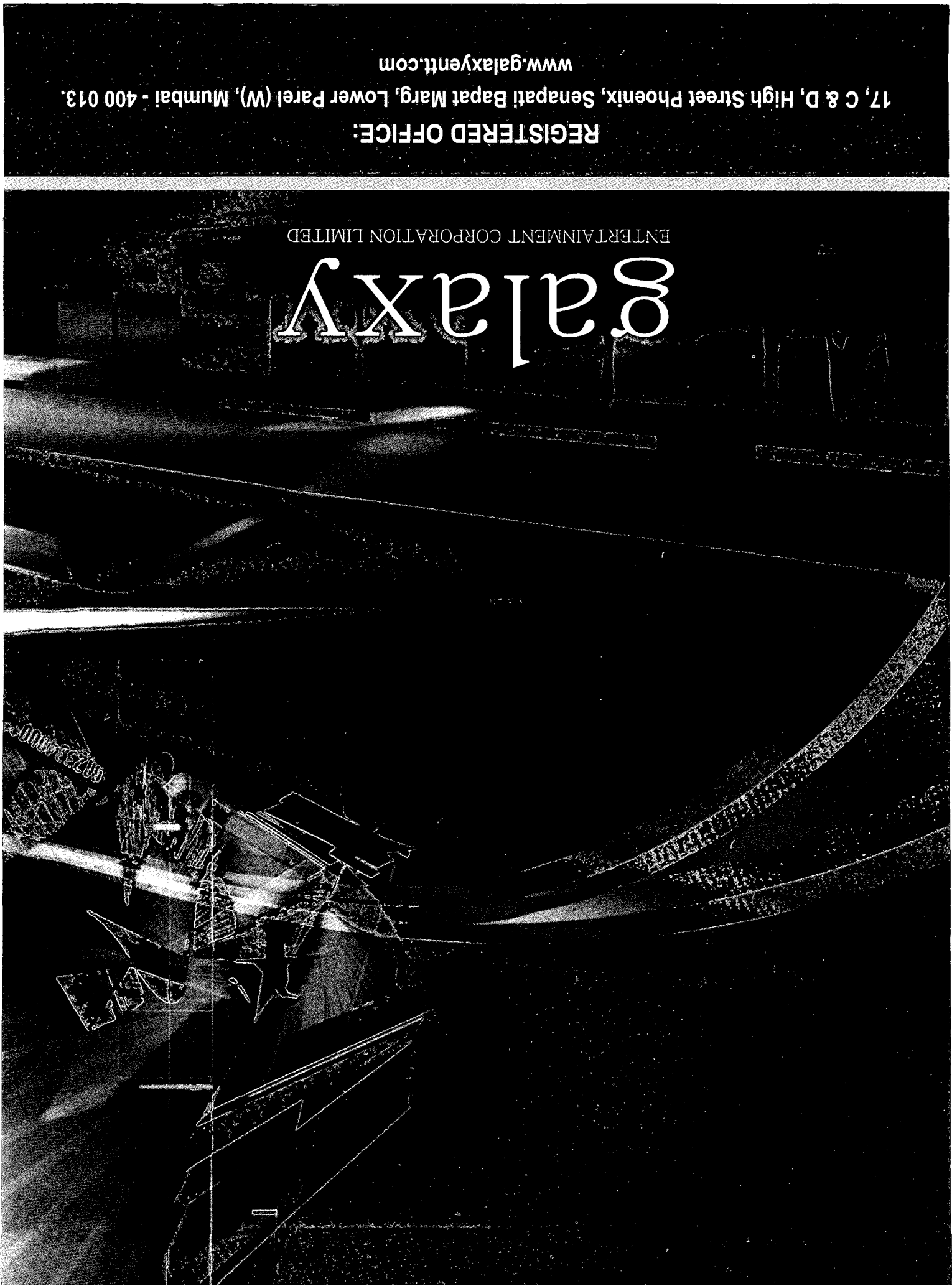
Director

Place : Mumbai

Dated : June 26, 2009

Place : Mumbai

Dated : June 26, 2009



ENTERTAINMENT CORPORATION LIMITED

galaxy

REGISTERED OFFICE:

17, C & D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013.

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