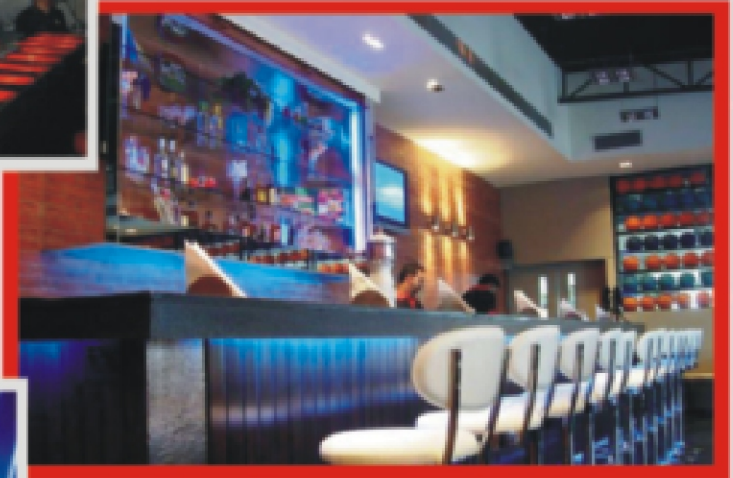


galaxy

ENTERTAINMENT CORPORATION LIMITED

**ANNUAL
REPORT
2010 - 2011**





Annual Report 2010 - 2011



ENTERTAINMENT CORPORATION LIMITED

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BOARD OF DIRECTORS

Mr. Atul Ruia
Mr. Kishore Biyani
Mr. Rajneesh Agarwal
Mr. Shishir Baijal
Mr. Ashok Ruia
Mr. Ajay Kejriwal
Ms. Udita Jhunjhunwala
Mr. Sunil Biyani (w.e.f 27/05/2011)

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 Eastate,
20, Dr. E. Moses Road, Mahalaxmi (West),
Mumbai - 400 011.
Tel. : (022) 6656 8484
Fax : (022) 6656 8494
email: sshelar@tsrdarashaw.com

REGISTERED OFFICE

304, 3rd Floor,
Prathamesh Tower, B-Wing,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai 400 013.
Tel. : (022) 6611 4141
Fax : (022) 6611 4193

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting of Galaxy Entertainment Corporation Limited will be held on Wednesday, 28th day of September, 2011 at 11.00 A.M. at Mayfair Banquets, Odyssey Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai 400 030 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2011 and Balance Sheet as on that date alongwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Kejriwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shishir Baijal who retires by rotation and being eligible, offers himself for re-appointment.
4. To Consider and, if thought fit, to pass, with or without modification(s), the following as an ordinary resolution.

“RESOLVED THAT pursuant to section 224 of the Companies Act, 1956, M/s Haribhakti & Co., Chartered Accountants bearing Firm Registration No. 103523W, the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

5. To Consider and, if thought fit, to pass, with or without modification(s), the following as an ordinary resolution.

“RESOLVED THAT Mr. Sunil Biyani who was appointed as an Additional Director of the Company with effect from May 27, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder proposing the candidature of Mr. Sunil Biyani for office of Director, be and is hereby appointed as a Director of the Company.”

By order of the Board

Place: Mumbai
Dated: May 27, 2011

Udita Jhunjhunwala
Director

REGISTERED OFFICE:
304, 3rd Floor, Prathmesh Tower, B-Wing
Raghuvanshi Mills Compound,
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 Monday, 26th September 2011 to Wednesday, 28th September 2011 (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. The explanatory statement U/s. 173 of the Companies Act, 1956 is enclosed herewith.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM 5 :**

Mr. Sunil Biyani has been appointed as an additional director of the Company pursuant to section 260 of the Companies Act, 1956 on 27th May, 2011 and would hold office till the date of the ensuing Annual General Meeting.

Pursuant to section 257 of the Companies Act, 1956 the Company has received notices from members signifying their intention to propose the candidature of Mr. Sunil Biyani for the office of Director. The Board of Directors recommend passing of the resolution set out in item No. 5 of the accompanying Notice.

None of the Directors of the Company are deemed to be concerned or interested in the Resolution except to the extent of their shareholding.

By order of the Board

Place: Mumbai
Dated: May 27, 2011

Udita Jhunjunwala
Director

The Members

The Directors of Galaxy Entertainment Corporation Limited (**GECL**) take pleasure in presenting the 29th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year Ended 31-03-11	Year Ended 31-03-10
Total Income	2805.07	3435.58
Profit/(Loss) before Depreciation and Tax (PBDT)	(146.89)	(1150.76)
Less: Depreciation	584.25	724.05
Add: Adjustments for exceptional items	-	(125.11)
Add: Prior Period Items	-	-
Profit/(Loss) before Tax	(731.14)	(1999.92)
Provision for Tax:		
- Current	-	-
- Prior year	18.93	-
- Deferred	-	-
Profit/(Loss) after Tax	(750.07)	(1999.92)
Add: Balance brought forward	(3791.61)	(1791.69)
Balance carried to Balance Sheet	(4541.68)	(3791.61)

Year and Period under review:

During the year under review, the turnover of the company has decreased marginally to Rs.2805.07 lacs as against Rs.3435.58 lacs in the corresponding previous year. Significant decrease in operating and administrative expenses has helped the Company to report reduced Losses before Depreciation and Taxation at Rs.146.89 lacs as against the Loss of Rs.1150.76 lacs in the previous year. After providing for Depreciation and adjustments for exceptional items, the Company has reported Net loss of Rs.731.14 lacs.

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

Barring unforeseen circumstances, your Directors are optimistic of reporting 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, 2011 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. Ajay Kejriwal and Mr. Shishir Baijal, 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. Sunil Biyani was appointed as an Additional Director on the Board of Directors. Mr. Sunil Biyani would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Sunil Biyani for the office of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Sunil Biyani as a Director of the Company.

Details of the Directors to be appointed / re-appointed at the forthcoming Annual General Meeting as required pursuant to clause 49 (vi)(a) of the listing agreement are appended here with as Annexure I.

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, 2011 and the Reports of the Directors and Auditors thereon of Company's Subsidiaries viz. Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited, included in the Annual Report, forms a part of this report.

Consolidated Financial Statements

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

Auditors

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

Auditors' Comments

Observations, if any, made by the Auditors in their Report read with relevant notes as given in the Notes 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 Five Non-Executive Directors viz. Mr. Atul Ruia, Mr. Rajneesh Agarwal, Mr. Ajay Kejriwal, Mr. Shishir Baijal and Ms. Udita Jhunjhunwala. Majority of the members of the Committee are Independent Directors. The Board of Directors has appointed Mr. Rajneesh Agarwal as the Chairman of the Committee.

Group

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

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

- | | |
|---|--|
| 1. Pantaloon Retail (India) Limited | 22. Salajung Multitrading Pvt. Ltd. |
| 2. Mr. Kishore Biyani | 23. Samreen Multitrading Pvt. Ltd. |
| 3. Mr. Gopikishan Biyani | 24. Sanavi Multitrading Pvt. Ltd. |
| 4. Mr. Laxminarayan Biyani | 25. Akar Estate & Finance Pvt Ltd. |
| 5. Mr. Vijay Biyani | 26. Silver Base Infrastructure Pvt. Ltd. |
| 6. Mr. Sunil Biyani | 27. Gargi Developers Pvt. Ltd. |
| 7. Mr. Anil Biyani | 28. Kishore Biyani HUF |
| 8. Mr. Rakesh Biyani | 29. Kavi Sales Agency Pvt. Ltd. |
| 9. Ms. Ashni Biyani | 30. Softtouch Multitrading Pvt. Ltd. |
| 10. Mr. Vivek Biyani | 31. Liquid Foot Infraprojects Pvt. Ltd. |
| 11. Future Corporate Resources Ltd. | 32. Tanushri Infrastructure Pvt. Ltd. |
| 12. PIL Industries Limited | 33. Oviya Multitrading Pvt. Ltd. |
| 13. Manz Retail Private Limited | 34. Taraka Infrastructure Pvt. Ltd. |
| 14. Future Value Retail Limited | 35. Ucchal Infrastructure Pvt. Ltd. |
| 15. Future Ventures India Limited | 36. Raaka Multitrading Pvt. Ltd. |
| 16. Future Realtors India Private Limited | 37. U-Phase Infraprojects Pvt. Ltd. |
| 17. Future Capital Investment Private Limited | 38. Radha Multitrading Pvt. Ltd. |
| 18. Future Ideas Company Limited | 39. White Circle Mercantile Pvt. Ltd. |
| 19. Brahmabrata Trading Pvt. Ltd. | 40. Raja Infrastructure Pvt. Ltd. |
| 20. Eclipse Infrastructure Pvt. Ltd. | 41. White Knight Mercantile Pvt. Ltd. |
| 21. Saachi Multitrading Pvt. Ltd. | 42. Simple Ton Invest Trade Pvt. Ltd. |

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

(A) Conservation of Energy and Technology Absorption

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

(B) Foreign Exchange Earnings and Outgo

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

(C) As the company is mainly concentrating on domestic consumption market , it has not considered any export initiative.

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

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

Corporate Governance

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

Acknowledgements

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

For and on behalf of the Board

Place: Mumbai
Date: May 27, 2011

Sunil Biyani **Udita Jhunjunwala**
Director Director

Annexure - 1

Details of the Directors proposed to be appointed/re-appointed as a Director of the Company at the Forthcoming Annual General Meeting (In pursuance of Clause 49(VI)(A) of the Listing Agreement)

1) Mr. Ajay Kejriwal

Mr. Ajay Kejriwal aged 56 years is a Graduate and has over 3 decades of experience in activities related to textile manufacturing. He possesses sound knowledge of areas related to finance and administration.

2) Mr. Shishir Baijal

Mr. Shishir Baijal aged 52 years has experience of over 26 years spanning diversified industries such as hospitality, education and entertainment in senior management positions. Mr. Baijal in the recent past was associated as Managing Director & CEO of Kshitij Investment Advisory Co Ltd, the Asset Management Arm that manages two retail real estate funds; Kshitij Venture Capital Fund and the Horizon International Fund, with a combined corpus of USD 330 million (approx Rs. 1500 crores). Earlier, as CEO of Inox Leisure Limited, he was responsible for establishing the INOX multiplex brand on a national scale. His key achievements included the accelerated roll out of the INOX chain across India. An Economics Honors graduate from Shri Ram College of Commerce, Delhi University in 1979, he later completed his higher studies at Washington State University, Pullman, Washington State in 1987. In 1994, he completed his Masters in Business Administration from Bond University, Gold Coast, Australia where he featured in the Vice Chancellors Merit List for Academic Excellence.

3) Mr. Sunil Biyani

Mr. Sunil Biyani aged 42 years has over two decades of experience in textile and retail sectors. He is also on the board of various Future Group Companies. He has a wide knowledge and expertise in the business of property, mall management and food & beverages.

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

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

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

2. Board of Directors

a) Composition of the Board

As on 31st March 2011, the Board comprises of seven directors all of whom are Non-executive. More than one half of the Board comprises of independent Directors.

The composition of the Board during the year ended 31st March 2011 and other relevant details relating to Directors are given below:

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
					Chairman	Member
Mr. Atul Ruia	Son of Mr. Ashok Ruia	Director	Promoter, Non-Executive; Non Independent	3	Nil	2
Mr. Rajneesh Agarwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Kishore Biyani	None	Director	Promoter, Non-Executive; Non-Independent	14	Nil	4
Ms. Udita Jhunjhunwala	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Shishir Bajjal	None	Director	Non-Executive; Independent	1	Nil	Nil
Mr. Ashok Ruia	Father of Mr. Atul Ruia	Director	Promoter, Non-Executive; Non Independent	3	Nil	1
Mr. Ajay Kejriwal	None	Director	Non-Executive; Independent	Nil	Nil	Nil

* 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. Ajay Kejriwal and

Mr. Shishir Bajjal shall retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointment of Mr. Ajay Kejriwal and Mr. Shishir Bajjal as Directors to the shareholders.

Mr. Sunil Biyani, was appointed as an Additional Director on the Board of Directors on May 27, 2011. Mr. Sunil Biyani would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Sunil Biyani for the office of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Sunil Biyani as a Director of the Company.

The detailed resume of the aforesaid proposed appointees is annexed to the Director's Report as Annexure-1.

c) Board Meetings and Annual General Meeting:

During the financial year 2010-11, Four Board Meetings were held on 28th May 2010, 05th August 2010, 12th November 2010 and 10th February 2011. The previous Annual General Meeting of the Company was held on 15th September 2010. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Atul Ruia	Nil	No
Mr. Rajneesh Agarwal	02	Yes
Mr. Kishore Biyani	01	No
Ms. Udit Jhunjhunwala	03	No
Mr. Shishir Bajjal	03	Yes
Mr. Ashok Ruia	03	No
Mr. Ajay Kejriwal	01	No

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 2010-11. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Mr. Rohinton Rabady, Manager forms a part of this Annual Report.

3. Audit Committee

a) Constitution of Audit Committee:

As on 31st March 2011, the Committee comprises of Five Non- Executive Directors majority of whom are Independent Directors. All the members of the Audit Committee have good knowledge of finance, accounts and company law. The Chairman of the Committee 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 2010-11, Four Audit Committee Meetings were held on 28th May 2010, 05th August 2010, 12th November 2010 and 10th February 2011. The composition of the Audit Committee during the year ended 31st March 2011 and the number of meetings attended were as under:

Name of the Committee Members	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	02
Mr. Atul Ruia	Member	Nil
Ms. Udit Jhunjhunwala	Member	03
Mr. Ajay Kejriwal	Member	01
Mr. Shishir Bajjal	Member	03

c) Attendees:

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

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II)(D) and (E) of the listing agreement and Section 292A of the Companies Act, 1956 as follows:

- i) Hold discussions with the Auditors periodically about internal control systems, the scope of audit including the observations and review of the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- iv) Approve payment for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement is included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft Audit Report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- ix) Discussion with Internal Auditors on any significant findings and follow up there on.
- x) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xi) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

- i) To investigate any activity within its terms of reference as above
- ii) To seek information from any employee
- iii) To obtain outside legal or other professional advice, if necessary
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary

4. Remuneration Committee

a) Constitution and composition of Remuneration Committee:

Presently, the committee comprises of three members. All the members are Non-Executive, Independent Directors. The composition of the Remuneration Committee as on 31st March, 2011 is as under:

Name of the Committee Members	Designation
Mr. Rajneesh Agarwal	Chairman
Mr. Shishir Bajjal	Member
Ms. Uditia Jhunjhunwala	Member

One Meeting of the Remuneration committee was held on 12th November 2010 which was attended by all members.

b) Terms of reference:

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

c) Remuneration Policy:

i) Management Staff :

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

ii) Non-Executive Directors :

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

The Board of Directors at their Meeting held on 30th October 2003 had approved payment of sitting fees of Rs.10,000/- for each meeting of Board of Directors and Rs. 5,000/- for each meeting of the Audit Committee. Details of the Sitting fees paid during the year 2010-11 are as under:

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

iii) Executive Directors :

There are no Executive Directors appointed in the Company in the year 2010-11.

5. Shareholders' / Investors' Grievance Committee

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Rajneesh Agarwal, a Non-Executive Director.

Four Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2010-11. The present composition of the Shareholders'/Investors' Grievance Committee and the number of meetings attended were as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Rajneesh Agarwal	Chairman	4
Mr. Kishore Biyani	Member	3
Mr. Atul Ruia	Member	1

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

c) During the year 2010-11, the Company has received Nil complaints from shareholders / investors. There were no complaints pending as at end of the year.

d) Share Transfers in Physical Mode:

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders'/Investors Grievance Committee of the Company meet as often as required.

6. General Body Meetings

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

Financial Year	Date	Time	Location of the Meeting
2007-08	22/09/08	11:00 A.M.	Sports Bar, 17, C&D, High Street Phoenix, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013
2008-09	25/09/09	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.
2009-10	15/09/10	11:00 A.M.	Mayfair Banquets, North Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai – 400 030.

ii) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2007-08	Re-appointment of Mr. Sanjay Seksaria as Whole-Time Director for a period of 3 years with effect from 1 st August 2008.
2008-09	Nil
2009-10	Appointment of Mr. Rohinton Rabady as Manager for a period of 3 years with effect from 1 st November 2009.

- iii) During the year 2010-11, no resolutions were been passed by Postal Ballot.
- iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.
- v) No Special resolution is proposed to be passed through Postal Ballot.

7. Means of Communication

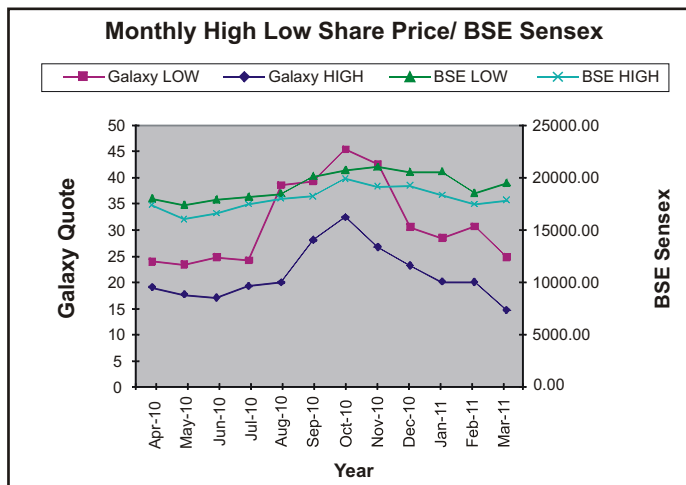
- (i) The quarterly results of the Company are published in at least one English and one Regional language leading newspaper. The Company publishes all quarterly, half-yearly and full year audited results at least in 2 newspapers. The quarterly results are further submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meetings.
- (ii) No presentations were made to institutional investors or to the analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms part of this Annual Report.

8. General Shareholder Information

- i. Annual General Meeting:
 - Day, Date and Time : Wednesday, 28th September 2011 at 11:00 a.m.
 - Venue : Mayfair Banquets, Odyssey Hall, 254 C, Dr. Annie Besant Road, Worli, Mumbai-400030
- ii. Financial Calendar (Tentative subject to change) : Reporting for Un-audited Financial Results for the quarter ending are as under.
 - June 30, 2011 : By 14th August, 2011
 - September 30, 2011 : By 14th November, 2011
 - December 31, 2011 : By 14th February, 2012
 - March 31, 2012 : By 15th May, 2012
 - Annual General Meeting for the year : By 30th September, 2012
- iii. Dates of Book Closure : 26th September, 2011 to 28th September, 2011 (both days inclusive)
- iv. Listing on Stock Exchanges : The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") The Company has paid the listing fees to the Stock Exchange within the prescribed time.
- v. Stock Code/Symbol : BSE- 506186
- vi. Market Price Data : The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited is as follows:

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2010	24.00	19.00
May 2010	23.40	17.65
June 2010	24.80	17.00
July 2010	24.25	19.25
August 2010	38.60	19.95
September 2010	39.30	28.05
October 2010	45.40	32.40
November 2010	42.60	26.70
December 2010	30.60	23.15
January 2011	28.50	20.10
February 2011	30.70	20.00
March 2011	24.80	14.60

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



viii. Share Transfer System:

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

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

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

ix. Category wise Shareholding as at March 31, 2011:

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	21,76,001	13.91
4.	Indian Public	32,43,241	20.72
	Total	1,56,49,935	100.00

x. Distribution of Shareholding as at March 31, 2011:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	2,715	76.69	43,81,850	2.80
5,001 - 10,000	343	9.69	28,26,460	1.81
10,001 - 20,000	205	5.79	31,23,350	2.00
20,001 - 30,000	77	2.18	20,51,490	1.31
30,001 - 40,000	39	1.10	14,08,750	0.90
40,001 - 50,000	30	0.85	14,49,210	0.92
50,001 - 100,000	63	1.78	46,23,320	2.95
100,001 and above	68	1.92	13,66,34,920	87.31
TOTAL	3,540	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, 2011. 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, 2011.

xiii. Registrar and Share Transfer Agents:

TSR Darashaw Limited

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

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

xv. Address for Correspondence:

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

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011
Tel No: 022- 6656 8484
Fax No: 022- 6656 8494
Email: sshellar@tsrdarashaw.com

xvi. For general correspondence:

Galaxy Entertainment Corporation Limited

304, Prathamesh Towers, B-wing
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel-West, Mumbai - 400 013
Tel No. 022-6611 4141
Fax No. 022-6611 4193

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, 2011.

b. Shareholdings of Non-Executive Directors as on 31st March 2011 is as under :

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

c. The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty/stricture was imposed on the Company during the last three years.

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

10 Non-mandatory Requirements:

I. The Board

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

II. Remuneration Committee

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

III. Shareholders' Rights

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

IV. Audit Qualifications

The financial accounts of the Company are unqualified.

V. Training of Board Members

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

VI. Mechanism for evaluating non-executive board members

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

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

To
The Members
Galaxy Entertainment Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Galaxy Entertainment Corporation Limited ("the Company") for the year ended March 31, 2011 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 Martinho Ferrao & Associates
Company Secretaries

Martinho Ferrao
Proprietor
CP No. 5676
Dated: May 27, 2011

CODE OF CONDUCT DECLARATION

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

Rohinton Rabady
Manager

Place : Mumbai
Date : May 27, 2011

INDUSTRY STRUCTURE & DEVELOPMENTS:

The size of the Indian food industry estimated at USD 200 billion in the year 2006-07, is estimated to reach USD 300 billion by 2015. The food service industry has two distinct sectors - the organized segment and the unorganized segment. It is estimated that the organized segment is 8% to 10% of the Indian Food Industry and is growing at a value of 20% each year. Dhabas and roadside eateries comprising street stalls are the most common forms of restaurants and have traditionally addressed eating out requirements of Indians. The organized foods services segment is characterized by accounting transparency, organized supply chain with quality control and sourcing norms multiple outlets.

The factors that are the growth drivers for the organized food services can be summarized as follows:

- **Rising income levels:** The average real per capita income growth in India rose from 3.3% during the Ninth Plan (1997-2002) to 6.1% during the Tenth Plan (2002-2007). Growing affluence and higher spending capacity provides a huge opportunity for the food services sector.
- **Growth of middle class:** India has the presence of a strong 300 million middle class population. This is roughly equal to the population of US, the country with the third largest population in the world. The middle class has been the largest patron of the food services industry and the increase in the middle class is expected to lead to its growth.
- **Younger population:** Over 65% of India's population is below 35 years of age. A majority of this age group eats out. An increase in this population segment provides opportunity for the growth of the foods segment industry.
- **Rising urbanization:** On an average, the spending on eating out in Tier 1 and Tier 2 towns is double that of Tier 3 towns. With 29% of India's population residing in urban centers and growing fast, higher spending on eating out is expected to benefit the industry.
- **Increase in nuclear families:** Going out and ordering in are more prevalent food habits among the nuclear families than the joint families in India. According to estimates, approximately 1.5-2% of joint families give rise to nuclear families every year. This is expected to benefit the industry.
- **Increase in number of working women force:** Participation of urban Indian woman in the workforce increased from 14% to 17% between 2000 and 2005. 51% of the population which eats out constitutes of women. With the number of women who are joining work force on the rise, households are expected to increase the frequency of eating out. This is as a result of less time available for women for household activities. This is expected to directly aid in the growth of the Food Service Industry.
- **Increase in Shopping centres and Malls:** The growth of Shopping centres and Malls PAN India has resulted in more opportunities for the organized Food Service Industry.

OUTLOOK:

The organized Food & Beverage segment, more particularly the Restaurant, Café and Bar business traditionally considered a subset of the Hotel Industry, is now also looked at as a part of the Retail Industry.

Its contribution to different sectors besides VAT & TAX is tremendous i.e Food processing, Agricultural produce, Unemployment and Cold chain. More and more unorganized operators are moving to the organized segment as recorded within a national level research study on the Restaurant Industry in 2010. Therefore, the outlook is positive yet full of challenges. We will be present in a wide range of formats within the organized segment and hope to grow in line with industry developments.

OPPORTUNITIES & THREATS

The opportunities of being available with a wide range of formats such as Food Courts, Restaurants, Cafe's and Bars in an economy with a rising middle class population with a propensity to consume are significant.

There are significant challenges such as complicated licensing norms, supply chain, manpower issues and rising tax rates. The organized industry however, because of its steep growth and diversity is gearing up to dialogue meaningfully with various stakeholders to simplify various norms and continue the steep growth over the next coming years.

RISK & CONCERNS

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

SEGEMENTWISE OR PRODUCTWISE PERFORMANCE

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

HUMAN RESOURCES

Human Resource Management (HRM) plays a significant role in strategically building up a competitive organization. Strategy and HRM are closely inter-related. The greater the congruence between strategy and HR, the more effective the organization will be. Human Resources at GECL have thus, taken steps to emphasize upon three major challenging issues i.e Quality of service, Training and development and Efficient staff recruitment and selection.

GECL emphasizes on HR Audits, Training and Development of Employees to increase Quality of work behaviour, Productivity and Proficiency. Efforts are being made for improving employee morale by discussions and feedback system. The Central team has a systemized and co-ordinated way of handling different units located all over India under one roof. Timely training sessions are held by the Company to enhance communication skills, leadership & team building, active initiative, stress and time management for its employees all round growth.

Moving forward is to further strengthen the performance management process through performance appraisal creating opportunities for deserving employees in form of promotions and job rotations to strive consistent vertical and lateral growth of the organization. The Company also would focus on maintaining a competitive and healthy environment among the employees and thus improve and strengthen its foothold in the industry.

CAUTIONARY STATEMENT

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

To The Members of Galaxy Entertainment Corporation Limited

1. We have audited the attached Balance Sheet of **Galaxy Entertainment Corporation Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, 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. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Without qualifying our opinion, we draw attention to Note 2 q of Schedule T with regard to the financial statements being drawn with Going Concern assumption.
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W

Chetan Desai
Partner
Membership No.17000
Place: Mumbai
Date: May 27, 2011.

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **Galaxy Entertainment Corporation Limited** on the financial statements for the year ended March 31, 2011.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) A part of the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of physical verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory consisting of consumables and supplies has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2.95 Lacs and the year- end balance of loans granted to such parties was Rs.181.20 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company.
- (d) In respect of the aforesaid loans, in the cases where the overdue amount is more than Rupees One lakh, in our opinion, reasonable steps have been taken by the company for the recovery of the principal amounts and interest, where applicable.
- (e) As informed, the Company has taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and repaid the same during the year.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax,

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

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

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

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

- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) We are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have been used for long-term investment amounting to Rs.483.45 lacs.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the prices at which shares have been issued is not prejudicial to the interest of the company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified that the end use of money raised by public issues from the draft prospectus filed with SEBI, the offer document and as disclosed in the notes to the financial statements.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Chetan Desai
Partner
Membership No.17000

Place: Mumbai
Date: May 27, 2011.

Balance Sheet

as at March 31, 2011

galaxy
ENTERTAINMENT CORPORATION LIMITED

	Schedule	Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SOURCE OF FUNDS				
Shareholders' Funds				
Share Capital	A	156,499,350		156,499,350
Reserves & Surplus	B	<u>336,560,432</u>	493,059,782	<u>336,560,432</u>
				493,059,782
Loan Funds				
Secured Loans	C	183,336,336		217,872,714
Unsecured Loan	D	<u>62,353,654</u>	245,689,990	<u>40,251,507</u>
TOTAL			<u>738,749,772</u>	<u>751,184,003</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	610,105,635		673,970,808
Less : Depreciation / Amortisation		<u>285,573,590</u>		<u>264,801,103</u>
Net Block		324,532,045		409,169,705
Less : Provision for Impairment		-		28,659,273
Add: Capital Work-in-Progress / Advances		<u>-</u>	324,532,045	<u>26,351,620</u>
				406,862,052
Investments	F		63,000	160,000
Deferred Tax Assets (Refer Note No. 12)			-	-
Current Assets, Loans and Advances				
Inventories	G	4,620,776		8,152,801
Sundry Debtors	H	10,893,157		6,486,826
Cash and Bank Balances	I	14,176,231		15,361,067
Other Current Assets	J	3,561,013		3,789,724
Loans and Advances	K	<u>32,008,755</u>		<u>52,463,574</u>
		<u>65,259,932</u>		<u>86,253,992</u>
Less: Current Liabilities and Provisions	L			
Current Liabilities		98,718,810		113,463,055
Provisions		<u>6,554,896</u>		<u>7,790,434</u>
		<u>105,273,706</u>		<u>121,253,489</u>
Net Current Assets			(40,013,774)	(34,999,497)
Profit and Loss Account	M		454,168,501	379,161,448
TOTAL			<u>738,749,772</u>	<u>751,184,003</u>
Significant Accounting Policies and Notes to Accounts				
	T			

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

As per our report attached of even date

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

For and on behalf of the Board

Chetan Desai
Partner
Membership No. 17000

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

Place : Mumbai
Dated: May 27, 2011

Place : Mumbai
Dated: May 27, 2011

Profit and Loss Account

for the year ended March 31, 2011



	Schedule	For the year ended 31.03.2011 Rupees	For the year ended 31.03.2010 Rupees
INCOME:			
Revenue from Services	N	270,392,183	335,180,082
Other Income	O	<u>10,115,179</u>	<u>8,378,077</u>
TOTAL		<u>280,507,362</u>	<u>343,558,159</u>
EXPENDITURE:			
Employee Expense	P	50,050,546	74,149,991
Operating and Administrative Expenses	Q	211,940,175	353,600,748
Interest and Finance Charges	R	33,206,112	30,883,726
Depreciation / Amortization / Impairment		<u>58,425,080</u>	<u>72,405,413</u>
TOTAL		<u>353,621,913</u>	<u>531,039,878</u>
Profit/(Loss) before Exceptional items and Taxation for the year		(73,114,551)	(187,481,719)
Exceptional Items :	S	-	(12,510,723)
Profit/(Loss) before Taxation for the year		(73,114,551)	(199,992,442)
Provision for Tax			
- Current		-	-
- Earlier year		(1,892,502)	-
- Deferred Tax		-	-
Profit/(Loss) after Taxation for the year		<u>(75,007,053)</u>	<u>(199,992,442)</u>
Balance brought forward from previous year		<u>(379,161,448)</u>	<u>(179,169,006)</u>
Balance of Profit/(Loss) carried forward to the Balance Sheet		<u><u>(454,168,501)</u></u>	<u><u>(379,161,448)</u></u>
Basic & diluted earnings per share (Face Value Rs.10 each) (Refer Note 15 of Schedule 'T')		(4.79)	(12.78)

Significant Accounting Policies and Notes to Accounts T

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

As per our report attached of even date

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

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Dated: May 27, 2011

For and on behalf of the Board

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

Place : Mumbai
Dated: May 27, 2011



Cash Flow Statement

Annual Report 2010-2011

for the year ended March 31, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(73,114,551)		(199,992,442)
Adjustment for :				
Depreciation (Current Year)	58,425,080		72,405,413	
Loss on closure of centre	-		12,510,722	
Interest expense	33,205,292		30,843,784	
Interest income	(4,360,207)		(1,170,614)	
(Gain)/Loss on foreign exchange fluctuation	4,187,783		(4,748,723)	
Profit/Loss on Sale /Redemption of Investments (Net)	-		49,213	
Deferred Tax Assets W/off	-		2,682,499	
Bad Debts Written Off	326,350		171,904	
(Profit) /Loss on sale of Fixed Assets	(1,102,659)		967,626	
Sundry Assets W/off	20,540,312		34,427,577	
Provision for diminution in Investments/ Loan & Advances in Subsidiaries	510,988		12,501,121	
Provision for Fixed Assets write Off	-		28,659,273	
		<u>111,732,939</u>		<u>189,299,795</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		38,618,387		(10,692,647)
(Increase)/ decrease in working capital:				
Inventories	3,532,025		(622,429)	
Trade and other receivables	10,187,781		36,985,562	
Trade and other payables	(20,147,438)		(14,383,205)	
Other Current Assets	<u>228,711</u>		<u>12,966,690</u>	
		<u>(6,198,921)</u>		<u>34,946,618</u>
CASH USED IN OPERATIONS		32,419,466		24,253,971
Payment of Taxes		<u>3,096,774</u>		<u>2,502,097</u>
NET CASH GENERATED (USED IN)/ FROM OPERATING ACTIVITIES (A)		35,516,240		26,756,068
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		4,467,274		(40,811,614)
(Increase in) / Redemption of Investments		(3,000)		675,481
Interest received		<u>4,588,918</u>		<u>1,387,233</u>
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)		9,053,192		(38,748,900)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Loans (given)/repaid to/by subsidiaries		(114,746)		(1,928,364)
Proceeds from / (Repayment of) borrowings		(12,434,231)		22,084,609
Interest Paid		<u>(33,205,291)</u>		<u>(30,843,784)</u>
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)		(45,754,268)		(10,687,539)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(1,184,836)		(22,680,371)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		15,361,067		38,041,437
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		<u>14,176,231</u>		<u>15,361,066</u>
Cash and cash equivalents comprise of :				
Cash & Bank Balances (Schedule I)		14,176,231		15,361,067
Total		<u>14,176,231</u>		<u>15,361,067</u>

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

As per our report attached of even date

For Haribhakti & Co.

Chartered Accountants
Firm Regn. No. 103523W

Chetan Desai

Partner
Membership No. 17000

Place : Mumbai
Dated: May 27, 2011

For and on behalf of the Board

Sunil Biyani

Director

Udita Jhunjunwala

Director

Rohinton Rabady

Manager

Place : Mumbai
Dated: May 27, 2011

Annexed to and forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20,000,000 Equity Shares of Rs. 10 each (Previous Year 20,000,000 Equity Shares)	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-Up		
15,649,935 Equity Shares of Rs. 10 each, fully paid-up (Previous Year 15,649,935 Equity Shares) (Out of the above 29,37,935 shares issued for consideration other than cash)	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account:	318,497,460	318,497,460
General Reserve	<u>18,062,972</u>	<u>18,062,972</u>
	<u>336,560,432</u>	<u>336,560,432</u>
SCHEDULE 'C' : SECURED LOANS		
From Banks		
Cash Credit	6,676,659	1,463,777
Term Loan	174,594,000	214,163,198
Interest Accrued & Due	<u>2,065,677</u>	<u>2,245,739</u>
	<u>183,336,336</u>	<u>217,872,714</u>
(Amount Payable within a year Rs. 4,68,00,000 previous year Rs.4,14,00,000)		
(Secured against charge on entire present and future movable fixed/current assets of the Company and personal guarantee of one of the Directors)		
SCHEDULE 'D' : UNSECURED LOANS		
Short Term Loan & Advances		
Inter Corporate Deposit	<u>62,353,654</u>	<u>40,251,507</u>
	<u>62,353,654</u>	<u>40,251,507</u>

Annexed to and forming part of the Balance Sheet as at March 31, 2011

SCHEDULE "E": FIXED ASSETS

(at cost less depreciation/amortisation/impairment)

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2010	Addition	Deductions	As at 31.03.2011	As at 01.04.2010	For the year	Deductions	31.03.2011	As at 31.03.2011	As at 31.03.2010
Improvements to Licensed Premises	89,654,502	-	28,157,565	61,496,937	18,580,300	8,268,177	6,487,138	20,361,339	41,135,598	71,074,201
Plant and Machinery	422,033,018	26,928,200	37,801,865	411,159,353	124,010,329	40,571,853	17,566,166	147,016,016	264,143,337	298,022,689
Furniture and Fixtures	64,416,508	-	21,296,972	43,119,536	29,178,763	7,930,466	11,602,159	25,507,070	17,612,466	35,237,745
Computer Software	3,544,757	-	644,886	2,899,871	2,141,677	687,271	519,386	2,309,562	590,309	1,403,080
Motor Car	1,428,280	-	546,585	881,695	1,307,294	98,523	524,122	881,695	-	120,986
Intangibles										
Rights of Film	86,512,743	-	-	86,512,743	86,512,743	-	-	86,512,743	-	-
Khel /Brand	-	-	-	-	-	-	-	-	-	-
Liquor License Fee	6,381,000	-	2,345,500	4,035,500	3,069,997	868,790	953,622	2,985,165	1,050,335	3,311,003
SUB TOTAL	673,970,808	26,928,200	90,793,373	610,105,635	264,801,103	58,425,080	37,652,593	285,573,590	324,532,045	409,169,705
Capital Work In Progress									-	
GRAND TOTAL	673,970,807	26,928,200	90,793,372	610,105,635	264,801,103	58,425,080	37,652,593	285,573,590	324,532,045	409,169,703
Previous Year	660,868,918	97,168,965	84,067,075	673,970,808	216,362,433	72,405,413	23,966,743	264,801,103	435,521,325	

**As at
31.03.2011
Rupees** **As at
31.03.2010
Rupees**

SCHEDULE 'F' : INVESTMENTS

(Unquoted unless otherwise stated)

Trade Investments

National Savings Certificate (under lien)

63,000 60,000

Total Trade Investments

63,000 60,000

In Equity Shares:

No.of units/shares Face

Value

31.03.2011 31.03.2010 (Rs.)

Subsidiary Companies :

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 diminution in Investments in Subsidiaries (35,591,840) (35,491,840)

Total Investments

63,000 160,000

Note:

1. Aggregate cost of Unquoted Investments is Rs. 35,591,840 (Previous year Rs. 35,591,840).

Annexed to and forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'G' : INVENTORIES (Lower of Cost and Market Value)		
Restaurants supplies and consumables	2,291,310	3,709,343
Video Games consumables	2,329,466	4,443,458
	<u>4,620,776</u>	<u>8,152,801</u>
SCHEDULE 'H' : DEBTORS		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	1,915,630	1,144,386
- Considered Doubtful	-	293,319
	<u>1,915,630</u>	<u>1,437,705</u>
Other Debts		
- Considered Good	8,977,527	5,342,440
- Considered Doubtful	-	-
	<u>8,977,527</u>	<u>5,342,440</u>
Less: Provision for Doubtful Debts	-	293,319
	<u>10,893,157</u>	<u>6,486,826</u>
SCHEDULE 'I' : CASH AND BANK BALANCES		
Cash on hand	464,234	877,924
Balances with Scheduled Banks:		
(i) in Current Accounts	594,490	1,611,157
(ii) in Term Deposits	13,117,507	12,871,986
	<u>14,176,231</u>	<u>15,361,067</u>
SCHEDULE 'J' : Other Current Assets		
Interest Accrued & Receivable	3,561,013	3,789,724
	<u>3,561,013</u>	<u>3,789,724</u>

Annexed to and forming part of the Balance Sheet as at March 31, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'K' : LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,114,688	15,034,006
Deposits for Premises and Others	19,240,089	27,669,944
Due from subsidiary companies (Refer Note 16 of Schedule 'T')	18,120,269	18,005,523
Advance payment of Taxes	4,653,978	9,663,382
	<u>50,129,024</u>	<u>70,372,855</u>
Less: Provision for Diminution in Loans & Advances	18,120,269	17,709,281
	<u>32,008,755</u>	<u>52,463,574</u>
Note:		
Out of the Above:		
Considered good	32,008,755	52,463,574
Considered doubtful	18,120,269	17,909,281
	<u>50,129,024</u>	<u>70,372,855</u>
 SCHEDULE 'L': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 18 of Schedule 'T')	80,003,109	91,571,563
Other Liabilities	18,715,701	21,891,492
	<u>98,718,810</u>	<u>113,463,055</u>
 PROVISIONS:		
Fringe Benefit Tax	3,269,169	3,289,297
Gratuity	1,702,858	2,345,902
Leave Encashment	1,582,869	2,155,235
	<u>6,554,896</u>	<u>7,790,434</u>
 SCHEDULE 'M': PROFIT AND LOSS ACCOUNT		
Profit and loss Account	454,168,501	379,161,448
	<u>454,168,501</u>	<u>379,161,448</u>

Schedules

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Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

	For the Year Ended 31.03.2011 Rupees	For the Year Ended 31.03.2010 Rupees
SCHEDULE 'N' : REVENUE FROM SERVICES		
Games	125,497,232	157,008,099
Restaurants		
Wines, Liquor and Tobacco	84,646,673	88,268,314
Food, Beverage etc.	<u>43,683,737</u>	<u>74,799,408</u>
	128,330,410	163,067,722
Sponsorships	1,523,266	2,022,378
Income from Machine hire charges	14,701,756	12,201,783
Miscellaneous Receipts	339,519	880,100
	<u>270,392,183</u>	<u>335,180,082</u>
SCHEDULE 'O' : OTHER INCOME		
Interest on Fixed Deposit	998,126	1,168,364
[Tax deducted at source Rs.89,363 (Previous year Rs.144,634)]		
Provision no longer required, written back (net)	2,416,931	4,329,675
Interest - Others	3,362,082	2,250
Miscellaneous Income	3,338,040	2,877,788
	<u>10,115,179</u>	<u>8,378,077</u>
SCHEDULE 'P' : EMPLOYEE EXPENSES		
Salaries, Wages, Gratuity and Bonus etc.	46,374,579	68,953,565
Contribution to Provident and Other Funds	2,606,129	3,994,732
Staff Welfare Expenses	1,069,838	1,201,694
	<u>50,050,546</u>	<u>74,149,991</u>

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
	Rupees	Rupees
SCHEDULE 'Q' : OPERATING AND ADMINISTRATIVE EXPENSES		
Restaurant Consumables		
Wines, Liquor, Beverage & Tobacco	24,941,712	29,766,852
Food consumables, etc.	<u>14,299,809</u>	<u>27,440,466</u>
	39,241,521	57,207,318
Games Expenses	5,333,416	10,984,696
Other Operating and Administrative Expenses:		
Fuel, Power and Light	18,440,319	26,302,939
Repairs and Maintenance		
- Building	254,883	640,135
- Machinery	6,274,374	5,144,882
- Others	<u>2,384,568</u>	<u>3,912,824</u>
	8,913,825	9,697,841
Rent	80,623,777	105,754,642
Rates and Taxes	10,855,795	18,639,609
Insurance	1,701,261	2,690,977
Advertisement and Publicity	4,775,494	6,152,835
Printing & Stationery	836,744	1,192,314
Traveling	3,637,147	8,721,756
Telephone	1,439,929	2,689,913
Payments To Auditors	966,714	981,944
Legal and Professional Fees	3,363,816	5,375,989
Security Charges	2,312,798	3,195,958
Directors Sitting Fees	175,000	190,000
Bad Debts Written off	326,350	171,904
Commission on credit cards	1,244,613	1,294,897
Sundry Assets W/off	20,540,312	34,427,577
(Gain)/Loss on foreign exchange fluctuation in respect of Foreign Currency	4,187,783	(4,748,723)
(Profit)/Loss on sale of Short Term Investment	-	47,520
(Profit)/Loss on sale of Long Term Investment	-	1,693
Miscellaneous Expenses	2,512,573	21,466,755
Provision for diminution in Investments/Loan & advances in Subsidiaries	510,988	12,501,121
Provision for Fixed Assets write Off	-	28,659,273
	<u>211,940,175</u>	<u>353,600,748</u>
SCHEDULE 'R' : INTEREST AND FINANCE CHARGES		
Bank Charges	181,151	113,791
Forward Cover Premium	-	197,642
Interest on ICD / Overdrawn	7,329,888	1,739,725
Interest on Term Loans	24,687,338	28,055,652
Interest on Cash Credit	1,006,914	736,974
Interest on Others	821	39,942
	<u>33,206,112</u>	<u>30,883,726</u>
SCHEDULE 'S' : EXCEPTIONAL ITEMS		
Loss on closure of centre	-	12,510,723
	-	<u>12,510,723</u>

Annexed to and forming part of the Accounts for the year ended March 31, 2011

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

1. BACKGROUND

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centres across the country and as at the balance sheet date it has 20 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 is charged following Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 or based on estimated useful life of assets (keeping in view the nature of operations). The depreciation rates are as follows:

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.

Annexed to and forming part of the Accounts for the year ended March 31, 2011

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.

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

h. Retirement and other employee benefits

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

i. Taxes on income

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

j. Foreign Currency Transactions

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

Annexed to and forming part of the Accounts for the year ended March 31, 2011

Premium or discount on forward exchange contracts is amortized and recognized in profit and loss account over the period of the contract.

k. Leases

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

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

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

l. Earnings Per Share

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

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

m. Cash and Cash equivalents

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

n. Provisions

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

Annexed to and forming part of the Accounts for the year ended March 31, 2011

o. Un-hedged Foreign Currency Exposure:

Un-hedged foreign currency exposures as at March 31, 2011 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Accounts Payable	USD 79,350	USD 123,706	Rs. 3,542,977	Rs. 5,584,088
Accounts payable	JPY 64,502,018	JPY 82,573,664	Rs. 34,843,990	Rs.39,998,683

p. Borrowing Power

The Board of Directors has exceeded the limit of borrowing set out under Section 293(1) (d) during the year. The Board will take the consent of the Company in the ensuing Annual General Meeting. Accordingly, the Board will ratify its decision relating to above mentioned violation of Section 293 (1) (d).

q. Going Concern:

The Company is incurring losses for last few years, its accumulated losses at the last date of the financial year exceed fifty percent of the net worth of the Company and its networth has been substantially eroded. The Company has restructured its business in the last 1 year and is also considering viable expansion plans. The Company has neither the intention nor the necessity of the liquidation or of curtailing materially the scale of the operations. Therefore, these accounts have been prepared on the going concern basis.

3. Commitments

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

4. a) Contingent liabilities not provided for in respect of guarantees given by banks of Rs. 10,383,500 (Previous Year Rs. 10,937,600)

In respect of disputed tax demand not provided.

Particulars	2010-2011 Rupees	2009-2010 Rupees
Income Tax Demand	-	4,042,964
Indirect Tax Demand	2,168,316	2,168,316

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

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

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

Annexed to and forming part of the Accounts for the year ended March 31, 2011

6. Auditor's Remuneration

Particulars	2010-2011 Rupees	2009-2010 Rupees
For Audit	500,000	500,000
For Tax Audit	100,000	100,000
For Other Service including quarterly review	300,000	300,000
Reimbursement of out of pocket expenses	4,914	7,058
For service tax	92,700	74,886

7. Vide Notification no: SO 301(E) dated 08/02/2011 issued by MCA. The Company has availed exemption from the disclosure requirements under para 3(i) (a) & 3(ii)(d) of Part III of Schedule VI with respect to figures of sales and purchases. The Board of Directors has given consent with regard to non-disclosure of information.

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

Particulars	2010-2011 Rupees	2009-2010 Rupees
Salaries and other Benefit	2,749,830	1,971,616
Total	2,749,830	1,971,616

9. Expenditure in foreign currency

Particulars	2010-2011 Rupees	2009-2010 Rupees
Travel Expenses	197,096	-
Capital Goods and Spare Parts	848,889	10,480,986
Membership Fees	-	-
Total	1,045,985	10,480,986

10. Earnings in foreign currency

Particulars	2010-2011 Rupees	2009- 2010 Rupees
Leisure and Entertainment Income	1,877,188	938,565
Total	1,877,188	938,565

11. The Company operates in a single business segment of Leisure and Entertainment services. Further, the Company operates in a single reportable geographical segment.
12. Deferred Tax Asset/(Liability): - On a conservative basis, the Company has not recognized any deferred tax asset/(liability) pertaining to the current year.

The components of deferred tax assets for the year ended March 31, 2011 are as under:

Particulars	As at 31.03.2011
Deferred Tax Asset/(Liability):	
On provision for gratuity	15,125
On provision for leave encashment	22,527
On account of depreciation	(393,116)
Deferred Tax Asset/(Liability)	(355,464)

Annexed to and forming part of the Accounts for the year ended March 31, 2011

13. 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, 2011 is as under:

Names of related parties and description of relationship:

I. Entities where control exists - Subsidiaries:

Rain Fruits & More Pvt. Ltd. ("RFMPL")
Galaxy Rain Restaurants Pvt. Ltd. ("GRRPL")

II. Entity where control exists through substantial equity interest:

Pantaloon Retail (India) Ltd. ("PRIL")

III. Key Managerial Personnel

Mr. Rohinton Rabady

The following are the volume of transactions with related parties during the year and outstanding balances as at the year end 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. Rohinton Rabady	-	2,749,830	2,749,830
	(-)	(1,200,775)	(1,200,775)
Loans given: GRRPL	4,503		4,503
	(4,109)		(4,109)
RFMPL	290,243		290,243
	(4,113,188)		(4,113,188)
Loans Repaid By: RFMPL	27,688		27,688
	(1,200,000)		(1,200,000)
Loan Received from PRIL	20,000,000		20,000,000
	(40,000,000)		(40,000,000)
Loan Repaid to PRIL	20,000,000		20,000,000
	(40,000,000)		(40,000,000)
Purchases / Services from: PRIL	5,547,454		5,547,454
	(6,180,531)		(6,180,531)
Sales/Hire Charges to: PRIL	5,660,739		5,660,739
	(20,823,152)		(20,823,152)
Royalty Paid: RFMPL	-		-
	(109,729)		(109,729)
Rent Paid: PRIL	7,935,727		7,935,727
	(18,684,967)		(18,684,967)
Interest Paid : PRIL	32,877		32,877
	(65,735)		(65,735)
Reimbursement of Expenses- RFMPL	-		-
	(106,649)		(106,649)
- PRIL	-		-
	(1,308,007)		(1,308,007)
Outstanding at year-end:			
Sundry Debtors- RFMPL	-		-
	(152,312)		(152,312)
Investment in subsidiary-RFMPL/GRRPL	35,591,840		35,591,840
	(35,591,840)		(35,591,840)
Loans Receivable-RFMPL/GRRPL	18,120,269		18,120,269
	(17,853,211)		(17,853,211)
Sundry Creditors & Other Liabilities PRIL	-378,209		-378,209
	(5,909,409)		(5,909,409)

Figures in bracket are with respect to previous year

Annexed to and forming part of the Accounts for the year ended March 31, 2011

14. Properties which are under operating agreements

Particulars	2010-2011 Rupees	2009-2010 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	13,398,469	30,225,651
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	648,252	14,499,123
- Later than 1 year and not later than 5 years	-	1,790,001
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	648,252	16,289,124

15. Earnings per share -Basic and Diluted

Particulars	2010-2011 Rupees	2009-2010 Rupees
Net Profit / (Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share	(75,007,053)	(199,992,442)
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
Earning/(Loss) per share	(4.79)	(12.78)

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

Name of the Company	Maximum Amount Outstanding during the year (Rs.)	Balance Outstanding as at March 31, 2011 (Rs.)
Rain Fruits & More Private Limited (Subsidiary)	17,819,524 (17,556,969)	17,819,524 (17,556,969)
Galaxy Rain Restaurants Private Limited (Subsidiary)	300,745 (296,242)	300,745 (296,242)

(figures in brackets are respect to previous year)

17 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:

Particulars	Year Ended March 31, 2011 (Rs.)
Employer's contribution to Provident Fund	1,365,745

II. Defined Benefit Plans

- Contribution to Gratuity Fund (Non-Funded Scheme)
- Leave Encashment (Non - Funded Scheme)

Annexed to and forming part of the Accounts for the year ended March 31, 2011

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

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

A. Change in the Present Value of Obligation

Particulars	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment(Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	2,345,902	2,155,235
Interest Cost	204,513	215,928
Current Service Cost	574,536	851,585
Benefits Paid	(728,046)	(615,444)
Actuarial (gain) / loss on Obligations	(798,445)	(1,024,435)
Present Value of Defined Benefit Obligation as at the end of the period	1,702,858	1,582,869

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

Particulars	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	1,702,858	1,582,869
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	1,702,858	1,582,869
Included in provision (Schedule)	1,702,858	1,582,869

C. Amount recognized in the Balance Sheet

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

Annexed to and forming part of the Accounts for the year ended March 31, 2011

D. Expenses recognized in Profit and Loss Account

Particulars	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment(Rs.)
Current Service Cost	574,536	851,585
Past Service Cost	102,263	Nil
Interest Cost	204,513	215,928
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	(798,445)	(1,024,453)
Total Expenses recognized in the Profit And Loss Account	82,867	43,078

- 18.** 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, 2011 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".
- 19.** 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.
- 20.** Previous year's figures have been regrouped where necessary, to conform to current year's classification.

Signatures to Schedules 'A' to 'T'

For and on behalf of the Board

Sunil Biyani
Director

Udita Jhunjhunwala
Director

Rohinton Rabady
Manager

Place: Mumbai
Dated: May 27, 2011

GALAXY ENTERTAINMENT CORPORATION LIMITED

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

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.

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

1	1
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 Balance Sheet Date

3	1
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0	3
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2	0	1	1
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 Date Month Year

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

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><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	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><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										
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><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 (Amalgamation) <table border="1" style="display: inline-table; border-collapse: collapse;"><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										

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

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>3</td><td>8</td><td>7</td><td>4</td><td>9</td></tr></table>			7	3	8	7	4	9	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>3</td><td>8</td><td>7</td><td>4</td><td>9</td></tr></table>			7	3	8	7	4	9
		7	3	8	7	4	9										
		7	3	8	7	4	9										

Sources of Funds

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

Application of Funds

Net Fixed Assets (incl. Capital work in progress) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>2</td><td>4</td><td>5</td><td>3</td><td>2</td></tr></table>			3	2	4	5	3	2	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>3</td></tr></table>							6	3		
		3	2	4	5	3	2												
						6	3												
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>4</td><td>0</td><td>0</td><td>1</td><td>4</td><td>)</td></tr></table>			(4	0	0	1	4)	Miscellaneous Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		(4	0	0	1	4)											
						N	I	L											
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>5</td><td>4</td><td>1</td><td>6</td><td>8</td></tr></table>			4	5	4	1	6	8	Deferred tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	
		4	5	4	1	6	8												
						N	I	L											

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

Turnover (Total income) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>8</td><td>0</td><td>5</td><td>0</td><td>7</td></tr></table>			2	8	0	5	0	7	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>5</td><td>3</td><td>6</td><td>2</td><td>2</td></tr></table>			3	5	3	6	2	2		
		2	8	0	5	0	7												
		3	5	3	6	2	2												
Profit / (Loss) before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>7</td><td>3</td><td>1</td><td>1</td><td>5</td><td>)</td></tr></table>			(7	3	1	1	5)	Profit / (Loss) after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>7</td><td>5</td><td>0</td><td>0</td><td>7</td><td>)</td></tr></table>			(7	5	0	0	7)
		(7	3	1	1	5)											
		(7	5	0	0	7)											
Earnings per Share (Rs.) (on profit after taxes) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>(</td><td>4</td><td>.</td><td>7</td><td>9</td><td>)</td></tr></table>			(4	.	7	9)	Dividend Rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	
		(4	.	7	9)												
						N	I	L											

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

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

For and on behalf of the Board

Sunil Biyani Director	Udita Jhunjhunwala Director	Rohinton Rabady Manager
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Place : Mumbai
Dated: May 27, 2011

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, 2011	March 31, 2011
2	Extend of holding: Shares of the Subsidiary held by Galaxy Entertainment Corporation Ltd. on the above dates Equity Shares of Rs. 10 each a) Number of Equity Shares b) Percentage Holding	 10,000 100.00%	 1,252,142 72.19%
3	Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of the Holding Company. For the Financial Year of the Subsidiary a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Nil (Rs.4,503)	 Nil Rs.100,539
4	Net aggregate amount of Profit/(Loss) of the Subsidiary for the previous financial years so far as the concern members of the Holding Company a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	 Not Applicable (Rs.346,158)	 Not Applicable (Rs. 45,514,433)

For and on behalf of the Board

Place : Mumbai
Dated : May 27, 2011**Sunil Biyani**
Director**Udita Jhunjunwala**
Director**Rohinton Rabady**
Manager

The Members

The Directors of Galaxy Rain Restaurants Private Limited have pleasure in presenting 11th Annual Report on the business and operations of the company, together with the audited accounts for the year ended March 31, 2011.

Financial Results

Particulars	Rs. in Lacs	
	Current Year 2010-11	Previous Year 2009-10
Income	0.00	0.00
Expenses	0.05	0.04
Profit/(Loss) before Tax	(0.05)	(0.04)
Balance brought forward	(3.46)	(3.42)
Balance carried to Balance Sheet	(3.51)	(3.46)

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.

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, 2011, 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 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, 2011 and the loss of the company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the Annual Accounts of the Company on a going concern basis.

Fixed Deposits

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

Auditors

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

Auditors' Comments

The observations made by the Auditors in their Report read with relevant notes as given in the Notes 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.

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

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

(B) Foreign Exchange Earnings and Outgo

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

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

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

Acknowledgement

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

For and on behalf of the Board

Place : Mumbai
Dated : 20th May 2011

Rohinton Rabady
Director

Rajneesh Agarwal
Director

To,
The Members
GALAXY RAIN RESTAURANTS PRIVATE LIMITED
Mumbai.

We have audited the attached Balance Sheet and Profit & Loss Account of **GALAXY RAIN RESTAURANTS PRIVATE LIMITED**, as at 31st March 2011. 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) In the case of the cash flow statement, of the cash flows of the company for the year ended on that date

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. No. 111558W

Viren Gandhi

Proprietor
Membership No.34618
Place: Mumbai,
Date: 20th May, 2011

Balance Sheet

as at March 31, 2011

Galaxy Rain Restaurants Private Ltd.

Annual Report 2010-2011

	Schedule	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	100,000	100,000
Loan Funds			
Unsecured Loan	B	300,745	296,242
		<u>400,745</u>	<u>396,242</u>
APPLICATION OF FUNDS			
Current Assets, Loans & Advances			
Cash & Bank Balances	C	56,993	56,993
Less : Current Liabilities & Provisions			
Current Liabilities	D	6,909	6,909
		<u>50,084</u>	<u>50,084</u>
Profit & Loss Account		<u>350,661</u>	<u>346,158</u>
TOTAL		<u><u>400,745</u></u>	<u><u>396,242</u></u>
Notes to Account	F		

As per our Report attached of even date

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618

Place : Mumbai
Date : 20th May, 2011.

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 20th May, 2011.

Profit and Loss Account

for the year ended March 31, 2011

Galaxy Rain Restaurants Private Ltd.

Annual Report 2010-2011

	Schedule	For the year ended 31-03-2011 Rupees	For the year ended 31-03-2010 Rupees
INCOME:			
Other Income		-	-
		<u>-</u>	<u>-</u>
EXPENDITURE:			
Operating and General Expenses	E	4,503	4,109
		<u>4,503</u>	<u>4,109</u>
TOTAL		<u>4,503</u>	<u>4,109</u>
Net Profit/(Loss) of the year		(4,503)	(4,109)
Loss Brought Forward from Previous year		(346,158)	(342,049)
Balance of loss carried to the Balance Sheet		<u>350,661</u>	<u>346,158</u>
Earnings per Share-Basic and Diluted (Face Value Rs.10 each) [Refer Note No. 7 to Schedule 'F']		(0.45)	(0.41)
Notes to Account	F		

As per our Report attached of even date

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618

Place : Mumbai
Date : 20th May, 2011.

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 20th May, 2011.

Cash Flow Statement

Galaxy Rain Restaurants Private Ltd.

for the year ended March 31, 2011

Annual Report 2010-2011

	2010-2011 Rupees	2009-2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(4,503)	(4,109)
Adjustment for :		
Depreciation	-	-
Misc expenses written off	-	-
Interest/Dividend	-	-
Profit on Sale of Investments	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(4,503)</u>	<u>(4,109)</u>
Trade and other receivables	-	-
Inventories	-	-
Trade and other Payables	-	-
CASH GENERATED FROM /(USED IN) OPERATIONS	<u>(4,503)</u>	<u>(4,109)</u>
Interest paid	-	-
Direct Taxes	-	-
Misc. Expenditure	-	-
Cash flow before Extraordinary Items	-	-
Income/Exp/relating to earlier year	-	-
NET CASH FROM OPERATING ACTIVITIES I	<u><u>(4,503)</u></u>	<u><u>(4,109)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-	-
(Purchase of Investments)	-	-
Sale of Investments	-	-
Interest received	-	-
Profit on Sale of Investment	-	-
Dividend received	-	-
NET CASH USED INVESTING ACTIVITIES II	<u><u>-</u></u>	<u><u>-</u></u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue of Share Application Money	-	-
Increase In Reserves	-	-
Proceeds From Unsecured Loan	4,503	4,109
Increase & (decrease) in Bank Borrowing	-	-
Dividend Paid	-	-
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES III	<u><u>4,503</u></u>	<u><u>4,109</u></u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	-	-
Cash & Cash Equivalents as at 01.04.2010 (Opening Balance)	56,993	56,993
Cash & Cash Equivalents as at 31.03.2011 (Closing Balance)	56,993	56,993
Cash and cash equivalents comprise of :		
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current accounts	56,893	56,893
- in Term Deposits	-	-
Total	<u><u>56,993</u></u>	<u><u>56,993</u></u>

For Viren Gandhi & Co.

Chartered Accountants
Firm Regn. NO. 111558W

Viren Gandhi

Proprietor
Membership No. : 34618
Place : Mumbai
Date : 20th May, 2011.

For and on behalf of the Board

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 20th May, 2011.

	As at 31.03.2011 Rupees	As at 31.3.2010 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs. 10 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-up		
10,000 (Previous year 10000) Equity Shares of Rs.10 each, fully paid-up All the above shares are held by Galaxy Entertainment Corporation Limited, the holding company & its nominees	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
SCHEDULE 'B' : UNSECURED LOAN		
Loan from the holding company	300,745	296,242
	<u>300,745</u>	<u>296,242</u>
SCHEDULE 'C' : CASH AND BANK BALANCES		
Cash on hand	100	100
Balances with Scheduled Banks :		
- in Current Accounts	56,893	56,893
	<u>56,993</u>	<u>56,993</u>
SCHEDULE 'D' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities:		
Other Liabilities	6,309	6,309
Sundry Creditors	600	600
	<u>6,909</u>	<u>6,909</u>

Note :

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

Annexed to and forming part of the Profit and Loss Account for the year ended March 31, 2011

	For the Year ended 31.03.2011 Rupees	For the Year ended 31.3.2010 Rupees
SCHEDULE 'E' : OPERATING AND GENERAL EXPENSES		
Payments to Auditors		
- Audit Fees	3,309	3,309
- Others	-	-
	<u>3,309</u>	<u>3,309</u>
Filing Fees	1,194	800
Bank Charges	-	-
	<u>4,503</u>	<u>4,109</u>

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

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

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

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

b. Use of estimate

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

c. Taxes on Income

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

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

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

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

6. Related Party Disclosures

In accordance with the Accounting Standard 18 on "Related party disclosure" issued by the ICAI, the relevant information for the year ended March 31, 2011 is as under:

Name of related party and description of relationship:

Holding company :

Galaxy Entertainment Corporation Limited

Fellow Subsidiary:

Rain Fruits & More Private Limited

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

Nature of transaction	Holding Company (Rupees)
Loan received	4,503 (4,109)
Outstanding as at year-end Loans payable	3,00,745 (2,96,242)

Note : Figures in bracket are with respect to previous year

7. Earning per share

Particulars	2010-2011 Rupees	2009-2010 Rupees
Net Profit/(Loss) for the year as per Profit & Loss account considered as numerator for calculating earnings per share	(4,503)	(4,109)
Weighted average number of equity shares outstanding during the year	10,000	10,000
Nominal value per share	10	10
Earning per share- Basic & diluted	(0.45)	(0.41)

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

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

Signatures to Schedules 'A' to 'F'

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

For and on behalf of the Board

Viren Gandhi
Proprietor
Membership No.34618

Rajneesh Agarwal
Director

Rohinton Rabady
Director

Place : Mumbai
Date : 20th May, 2011

Place : Mumbai
Date : 20th May, 2011

GALAXY RAIN RESTAURANTS PRIVATE LIMITED

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

Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.

State code :

Balance Sheet Date
Date Month Year

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

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

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

Total Liabilities

4 0 1

Total Assets

4 0 1

Sources of Funds

Paid-up capital

1 0 0

Reserves & Surplus

N I L

Secured Loans

N I L

Unsecured Loans

3 0 1

Application of Funds

Net Fixed Assets

(incl. Capital work in progress)

N I L

Investments

N I L

Net Current Assets

5 0

Miscellaneous Expenditure

N I L

Accumulated Losses

3 5 1

Deferred tax

N I L

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

Turnover (Total income)

N I L

Total Expenditure

5

Profit / (Loss) before Tax

(5)

Profit / (Loss) after Tax

(5)

Earnings per Share (Rs.)

(on profit after taxes)

(0 . 4 5)

Dividend Rate %

N I L

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

Item Code No. (ITC Code) :

5 5 2 0 1

Product Description :

For and on behalf of the Board

Rajneesh Agarwal

Director

Place : Mumbai

Dated: 20th May, 2011

Rohinton Rabady

Director

The Members

The Directors of Rain Fruits & More Private Limited take pleasure in presenting the Sixth Annual Report on the operations of the company, together with the audited accounts for the period ended March 31, 2011.

Financial Results

(Rs. In Lacs)

Particulars	Current Year 2010-11	Previous Year 2009-10
Income from operations	2.86	26.06
Profit/(Loss) before Depreciation	1.42	(31.71)
Less: Depreciation	-	91.33
Profit/(Loss) before Tax	1.42	(123.04)

Year and Period under review

During the year under review, your Company has not undertaken any business activities; the net profit before tax of Rs. 1.42 lacs is on account of operating and general income during the 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 recommends his re-appointment.

Responsibility Statement

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

- The applicable standards have been followed in the preparation of the annual accounts and there are no material departure;
- The Directors have selected such accounting policies and applied them consistently and made 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, 2011 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 provisio to Section 383A (1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules 2001, Secretarial Compliance Certificate from M/s Martinho Ferrao & Associates, Company Secretaries in Whole Time Practice, is attached to the Report.

Fixed Deposits

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

Auditors

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

Auditors' Comments

The observations made by the Auditors in their Report read with relevant notes as given in the Notes 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.

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

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

(B) Foreign Exchange Earnings And Outgo

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

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

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

Acknowledgements

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

For and on behalf of the Board

Rohinton Rabady
Director

Udita Jhunjunwala
Director

Place: Mumbai
Dated: May 27, 2011

Registration No: U15130MH2005PTC156326

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

To

The Members,

Rain Fruits & More Private Limited304, 3rd Floor, Prathmesh Tower, B-Wing,

Raghuvanshi Mills Compound,

Senapati Bapat Marg,

Lower Parel, Mumbai -400 013.

We have examined the registers, records, books and papers of **Rain Fruits & More Private Limited** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2011** ("financial year"). In our opinion and to the best of our information and accordingly to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in "**Annexure A**" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in "**Annexure B**" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a private limited Company has the minimum prescribed paid up capital and its maximum number of members during the said financial year was **7** excluding its present and past employees and the Company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relative.
4. The Board of Directors duly met **Four** times during the year on **20th May 2010, 05th August 2010, 12th November 2010** and **10th February 2011** 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 2010** was held on **15th September 2010** 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. **One** Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provision of section 297 of the Act in respect of contract specified in that section.
10. As Informed to us, the Company has maintained Register under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
 - (i) was not required to deliver any securities as there was no allotment of securities and/or transfer/transmission of shares.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.

- (iv) was not required to transfer any amount to Investor Education and Protection Fund.
- (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted and the appointments of additional directors, alternate directors and directors to fill casual vacancies have been duly made.
 15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial year.
 16. The Company has not appointed any sole selling agent during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provision of the Act during the financial year.
 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued any shares, debenture or other securities during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ended 31st March 2011 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 Martinho Ferrao & Associates

Company Secretaries

Martinho Ferrao

Proprietor

C.P.No.: 5676

Place : Mumbai

Date : May 27, 2011

“Annexure A”

Registers as maintained by the Company

Statutory Registers:

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

Other Registers:

1. Register of Transfers

“Annexure B”

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2011.

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 32	264 / 266 /303	Resignation of Director	19/04/2010	Yes	No
2.	Form 32	264 / 266 /303	Appointment of Additional Director	14/06/2010	Yes	No
3.	Form 66	383A	Secretarial Compliance Certificate	05/10/2010	Yes	No
4.	Form 23AC & Form 23ACA	220	Annual Requirement	06/10/2010	Yes	No
5.	Form 32	264 / 266 /303	Change of Designation of Director	06/10/2010	Yes	No
6.	Form 20B	159	Annual Requirement	13/11/2010	Yes	No

To the members of
Rain Fruits & More Private Limited

We have audited the attached Balance Sheet of **Rain Fruits & More Private Limited** as at 31st March 2011, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ;
 - e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st March 2011 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 2011;
 - (ii) In so far as it relates to the Profit & Loss Account, the **Profit** of the company for the year ended on that date; and
 - (iii) In so far as it relates to the cash flow statement, of the cash flow of the company for the year ended on that date.

For G.P. Sharma & Associates

Chartered Accountants
Firm Regn. No. 130532W

Gopal Prasad Sharma

Proprietor
Membership No. 124735
Place : Mumbai
Date : May 27,2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF Rain Fruits & More Private Limited FOR THE YEAR ENDING 31st March 2011

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

- 1 In respect of fixed assets:
 - (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - B) We are informed that, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
- 2 In respect of its inventories:

Due to non trading/manufacturing activities during the year, clause no. (ii) (a) to (ii) (c) in respect of inventories of the Order are not applicable.
- 3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - (A) During the year, the company has not granted any loans and advances, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause (iii) (a) to (iii) (d) of the order are not applicable.
 - (B) According to the information and explanation given to us, the Company has taken unsecured loan of Rs.262,556/- from the company covered in the register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company. The payment of principal and interest is regular. The maximum amount involved during the year was Rs. 17,819,524/-.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weakness in internal control procedure.
- 5 In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (A) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- 6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.
- 7 Clause no. (vii) in respect of internal audit system is not applicable.
- 8 To the best of our knowledge the Central Government has not prescribed the maintenance of cost records U/s 209(1) (d) of The Companies Act, 1956 for any of the products of the company.
- 9 In respect of statutory dues:
 - A) According to the records examined by us and the information and explanations given to us, there is a

disputed amount of Rs. 2,193,128/- in respect of Sales Tax With UP Government at the end of the year.

- 10 The Company has **Rs. 62,908,843/- accumulated losses** as at the end of the year and the Company has incurred **cash losses of Rs. 109,726/-** during current and Rs. 716,786/- 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 Clause (xix) of the order is not applicable, as the company has not issued any debentures during the year.
- 19 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.
- 20 In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For G.P. Sharma & Associates

Chartered Accountants
Firm Regn. No. 130532W

Gopal Prasad Sharma

Proprietor
Membership No. 124735
Place: Mumbai
Date : May 27,2011

Balance Sheet

as at March 31, 2011

Rain Fruits & More Private Ltd.

Annual Report 2010-2011

	Schedule		As at 31.03.11 Rupees		As at 31.03.10 Rupees
SOURCE OF FUNDS					
Shareholders' Funds					
Share Capital	A	17,345,920		17,345,920	
Reserves & Surplus	B	<u>27,745,920</u>	45,091,840	<u>27,745,920</u>	45,091,840
Loan Funds					
Unsecured Loan	C		<u>17,819,524</u>		<u>17,556,969</u>
TOTAL			<u><u>62,911,364</u></u>		<u><u>62,648,809</u></u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	D	16,785,723		16,785,723	
Less : Depreciation/ Impairment		<u>15,966,344</u>		<u>15,966,344</u>	
Net Block		819,379		819,379	
Capital Work-in-Progress		<u>-</u>	819,379	<u>-</u>	819,379
Current Assets, Loans and Advances					
Cash and Bank Balances	E	262,412		434,269	
Loans and Advances	F	<u>147,277</u>		<u>198,042</u>	
		409,689		632,311	
Less: Current Liabilities and Provisions	G				
Current Liabilities		1,226,547		1,850,994	
Provisions		<u>-</u>		<u>-</u>	
		<u>1,226,547</u>		<u>1,850,994</u>	
Net Current Assets			(816,858)		(1,218,683)
Miscellaneous Expenditure (To the extent not written off or adjusted)					
Profit and Loss Account			<u>62,908,843</u>		<u>63,048,113</u>
TOTAL			<u><u>62,911,364</u></u>		<u><u>62,648,809</u></u>

Significant Accounting Policies and

Notes to Accounts

J

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

As per our Report attached of even date

For G.P. Sharma & Associates

Chartered Accountants

Firm Regn. No. 130532 W

Gopal Prasad Sharma

Proprietor

M. No. 124735

Place: Mumbai

Dated: May 27, 2011

For and on behalf of the Board

Rohinton Rabady

Director

Udita Jhunjunwala

Director

Place: Mumbai

Dated: May 27, 2011

Profit and Loss Account

for the year ended March 31, 2011

Rain Fruits & More Private Ltd.

Annual Report 2010-2011

	Schedule	For the year ended 31.03.2011 Rupees	For the year ended 31.3.2010 Rupees
INCOME:			
Other Income	H	285,670	2,606,042
TOTAL		<u>285,670</u>	<u>2,606,042</u>
EXPENDITURE:			
Operating and General Expenses	I	143,450	2,938,436
Amortisation of Misc. Expenditure		-	129,137
Depreciation/Impairment		-	9,132,755
Loss on Sale/Discarding of Fixed Assets		-	2,710,165
TOTAL		<u>143,450</u>	<u>14,910,493</u>
Profit /(Loss) before Taxation for the year		142,220	(12,304,451)
Provision for Tax			
- Current		-	-
- Earlier Year		2,950	-
- Deferred		-	-
Profit/(Loss) after Taxation for the year		<u>139,270</u>	<u>(12,304,451)</u>
Prior Period / Extra Ordinary Items		-	(255,254)
Balance brought forward		<u>(63,048,113)</u>	<u>(50,488,408)</u>
Balance of Profit carried forward to the Balance Sheet		<u>(62,908,843)</u>	<u>(63,048,113)</u>
Earnings per Share Basic and Diluted (Face Value Rs.10 each)		0.11	(9.49)

Significant Accounting Policies and Notes to Accounts J

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

As per our Report attached of even date

For G.P. Sharma & Associates

Chartered Accountants

Firm Regn. No. 130532 W

Gopal Prasad Sharma

Proprietor

M. No. 124735

Place: Mumbai

Dated: May 27, 2011

For and on behalf of the Board

Rohinton Rabady

Director

Udita Jhunjunwala

Director

Place: Mumbai

Dated: May 27, 2011

Cash Flow Statement

for the year ended March 31, 2011

Rain Fruits & More Private Ltd.

Annual Report 2010-2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT / (LOSS) BEFORE TAX		142,220		(12,304,451)
Adjustment for :				
Depreciation / Impairment (Current Year)	-		9,132,755	
Amortisation of Expenses	-		129,137	
Loss on Sale/Discard of Assets	-		2,710,165	
Interest Income	(33,724)		-	
Prior Period & Extraordinary Items	-	(33,724)	(255,254)	11,716,803
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>108,496</u>		<u>(587,648)</u>
(Increase)/ decrease in working capital:				
Trade and other receivables	-		4,876,880	
Trade and other payables	(624,447)		(6,454,750)	
CASH USED IN OPERATIONS		<u>(624,447)</u>		<u>(1,577,870)</u>
Payment of Taxes		(515,951)		(2,165,518)
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES (A)		<u>(468,136)</u>		<u>(2,165,518)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale of Fixed Assets		-		80,000
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES (B)		<u>-</u>		<u>80,000</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest Received		33,724		-
Proceeds from Unsecured Loan		262,555		2,196,969
NET CASH GENERATED FROM /(USED IN) FINANCING ACTIVITIES (C)		<u>296,279</u>		<u>2,196,969</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(171,857)		111,451
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		434,269		322,818
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		<u>262,412</u>		<u>434,269</u>
Cash and cash equivalents comprise of :				
Cash & Bank Balances (Schedule E)		262,412		434,269
Total		<u>262,412</u>		<u>434,269</u>

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

As per our Report attached of even date

For G.P. Sharma & Associates

Chartered Accountants

Firm Regn. No. 130532 W

Gopal Prasad Sharma

Proprietor

M. No. 124735

Place: Mumbai

Dated: May 27, 2011

For and on behalf of the Board

Rohinton Rabady

Director

Udita Jhunjunwala

Director

Place: Mumbai

Dated: May 27, 2011

Schedules

Rain Fruits & More Private Ltd.

Annexed to and forming part of the Balance Sheet as at March 31, 2011

Annual Report 2010-2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
2,500,000 Equity Shares of Rs. 10 each (Previous Year 2500000 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 (Previous Year 1,734,592 Equity Shares of Rs. 10/- Each)	17,345,920	17,345,920
	<u>17,345,920</u>	<u>17,345,920</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account	<u>27,745,920</u>	<u>27,745,920</u>
	<u>27,745,920</u>	<u>27,745,920</u>
SCHEDULE 'C' : UNSECURED LOAN		
From the Holding Company	17,819,524	17,556,969
	<u>17,819,524</u>	<u>17,556,969</u>

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

Amount in Rupees

Particulars	Gross Block				Depreciation / Amortisation/Impairment					Net Block	
	As at 01.04.2010	Addition	Deductions/ Adjustments	As at 31.03.2011	Depreciation As at 01.04.2010	For the year	Deductions/ Adjustments	Provision for impairment as at 01.04.2010	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Plant and Machinery	16,202,963	-	-	16,202,963	8,568,791	-	-	6,843,386	15,412,177	790,786	7,634,172
Computers	582,760	-	-	582,760	466,005	-	-	88,162	554,167	28,593	116,755
SUB TOTAL	16,785,723	-	-	16,785,723	9,034,796	-	-	6,931,548	15,966,344	819,379	7,750,927
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	16,785,723	-	-	16,785,723	9,034,796	-	-	6,931,548	15,966,344	819,379	7,750,927
Previous year	22,836,118	-	6,050,395	16,785,723	10,093,820	2,201,207	3,260,231	6,931,548	15,966,344	819,379	

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'E' : CASH AND BANK BALANCES		
(a) Cash on hand	576	576
(b) Balances with Scheduled Banks:		
(i) in Current Accounts	211,836	115,906
(ii) in Term Deposits including accrued interest (Pledged with Sales Tax authorities)	50,000	317,787
	<u>262,412</u>	<u>434,269</u>
SCHEDULE 'F' : LOANS AND ADVANCES (Unsecured, considered good, unless otherwise stated)		
Security Deposits	1,145,143	1,375,143
Advance payment of Direct Taxes	<u>89,277</u>	<u>140,042</u>
	1,234,420	1,515,185
Less : Provision for doubtful security deposit	<u>1,087,143</u>	<u>1,317,143</u>
	<u>147,277</u>	<u>198,042</u>
Note:		
Out of the Above:		
Considered good	147,277	198,042
Considered doubtful	<u>-</u>	<u>-</u>
	<u>147,277</u>	<u>198,042</u>
SCHEDULE 'G': LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors	1,150,266	1,723,242
Other Liabilities	<u>76,281</u>	<u>127,752</u>
	<u>1,226,547</u>	<u>1,850,994</u>

Schedules

Rain Fruits & More Private Ltd.

Annexed to and forming part of the Profit and Loss accounts
for the year ended March 31st, 2011

Annual Report 2010-2011

	For the Year Ended 31.03.2011 Rupees	For the Year Ended 31.3.2010 Rupees
SCHEDULE 'H' : OTHER INCOME		
Interest Received	33,724	6,634
Liabilities written Back	4,791	2,489,679
Excess Provision w/back	247,155	-
Royalty Fee	-	109,729
	<u>285,670</u>	<u>2,606,042</u>

SCHEDULE 'I' : OPERATING AND ADMINISTRATIVE EXPENSES

Other Operating and Administrative Expenses		
Printing & Stationery	-	45
Travelling	-	38,519
Payments To Auditors - Audit Fees	15,000	22,060
Legal and Professional Fees	28,236	24,823
Bank Charges	22,341	30
Other Expenses	77,873	723,172
Provision for doubtful debts/Security Deposit	-	2,129,787
	<u>143,450</u>	<u>2,938,436</u>

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

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

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

The Financial Statements are prepared in accordance with the Indian Generally accepted accounting 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. 5000, has been provided depreciation at the rate of 100% in the year in which purchases were made.

4. Inventories

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

5. Revenue Recognition

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

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

6. Accounting for Taxes on Income

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

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

7. Earnings Per Share

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

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

8. Cash and Cash Equivalents

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

9. Provisions

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

B. Notes to Accounts

1. The Company is dealing in only one segment of food and Beverage items. Further the company operates in a single reportable geographical segment viz in India. Since all its customers and assets are located in India.
2. All the existing business operations of the company have been discontinued w.e.f. 01.02.2010 and all the assets and liabilities of the companies have been stated in the balance sheet at their realizable /payable value. The provision for depreciation on fixed assets and provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
3. **Impairment**
 - a. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater than the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
 - b. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.
 - c. In the opinion of management, the assets under the head Furniture and Fixtures, Electric installation is of no use, hence discarded from the active use and the carrying amount of the assets under the head plant and machinery are exceeding the recoverable amount, hence the impairment loss to the extent of 95% value of plant and machinery have been accounted for.

4. Balances of sundry debtors, creditors, loans and advances are subject to confirmation.
5. In the opinion of the management, the current assets, loans and advances and current liabilities are of the value stated, if realized/paid in the ordinary course of business.
6. No Provision for the retirement benefits has been made for the year as there is no employee in the company at the year end.
7. Contingent liability:

Sales Tax Assessments with various Sales Tax Authorities for the previous years are pending. In absence of the information, the amount could not be quantified for the year 2010-11.

8. Related party disclosures under Accounting Standard:

In accordance with the Accounting Standard 18 as "Related Party Disclosure" issued by the ICAI, the relevant information for the year ended 31st March 2011 is as under:

A. List of Related party.

(i) Company

Galaxy Entertainment Corporation Ltd. (Holding company)

B. Transactions with Related Parties

Nature Of Transactions	Name of Party	Amount (In Rs.)
Royalty Received	Galaxy Entertainment Corporation Ltd	- (1,09,729)
Loan Received		2,62,555 (41,13,188)
Reimbursement of Expenses		- (1,06,649)
Outstanding at Year end: Sundry Creditors		- (1,52,312)
Capital Contribution		3,54,91,840 (3,54,91,840)
Loan Repayable		1,78,19,524 (1,75,56,969)

Figures in bracket are with respect to previous year

9. Earning Per Share- Basic and Diluted:

Particular	2010-2011 Rupees	2009-2010 Rupees
Net Profit (Loss) for the year as per profit and loss account considered as numerator for calculating earnings per share	1,39,270	(1,23,04,451)
Weighted averages number of equity shares outstanding during the year	12,97,092	12,97,092
Nominal Value per share	10	10
Earning per shares- Basic and Diluted	0.11	(9.49)

10. Based on the available information with the Management, the company does not owe any sum to a small scale industrial undertaking as defined in Clause (i) of Section 3 of the Industries Development and Regulation Act, 1951 and there are no suppliers who are registered as Micro, Small Medium Enterprises as at March 31, 2011 in terms of the provisions of "The Micro Small Medium Enterprises Development Act, 2006".
11. The Company has not accounted for the Sales Tax demand of Rs. 21,93,128/- for the financial year 2005-06 with U.P. Sales Tax Authorities raised on assessment due to an appeal filed against such demand.
12. No deferred tax assets have been recognized due to non virtual reasonable certainty of its realization.
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 Rupees.
16. Figures of previous year have been regrouped and rearranged wherever necessary.

For G. P. Sharma & Associates

Chartered Accountants
Firm Regn No.130532W

Gopal Prasad Sharma

Proprietor
M. No. 124735

Place : Mumbai
Dated : May 27, 2011

For and on behalf of the Board

Rohinton Rabady
Director

Udita Jhunjunwala
Director

Place : Mumbai
Dated : May 27, 2011

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

1. Registration Details

Registration No. State code :
 Balance Sheet Date
 Date Month Year

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

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>
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Sources of Funds

Paid-up capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/>	Reserves & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="6"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/>

Application of Funds

Net Fixed Assets (incl. Capital work in progress) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value=")"/>	Miscellaneous Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/>	Deferred tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Turnover (Total income) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="5"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/>
Profit / (Loss) before Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/>	Profit / (Loss) after Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/>
Earnings per Share (Rs.) (on profit after taxes) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input "="" type="text" value="("/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value=")"/>	Dividend Rate % <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

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

Item Code No. (ITC Code) : <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/>	Product Description : <input type="text" value="NOT APPLICABLE"/>
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For and on behalf of the Board

Rohinton Rabady **Udita Jhunjunwala**
 Director Director
 Place : Mumbai
 Dated: May 27, 2011

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

We have examined the attached consolidated Balance Sheet of Galaxy Entertainment Corporation Limited and its subsidiaries as at 31st March, 2011 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 the 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 statements of the two subsidiaries, whose financial statements reflect total assets of Rs. 12.86 lacs as at 31st March, 2011, total revenues of Rs. 2.86 lacs and net negative cash flows of Rs. 1.72 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these 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, 2011; and
 - b) in so far it relates to the consolidated Profit and Loss Account, consolidated results of operations of Galaxy Entertainment Corporation Limited and its subsidiaries for the year then ended.
 - c) in case of consolidated Cash Flow Statement, of the consolidated cash flows of Galaxy Entertainment Corporation Limited and its subsidiaries for the year ended on that date.

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

Chetan Desai
Partner
Membership No: 17000

Place : Mumbai
Date : May 27, 2011

Consolidated Balance Sheet

as at March 31, 2011

galaxy
ENTERTAINMENT CORPORATION LIMITED

	Schedule	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	156,499,350	156,499,350
Reserves & Surplus	B	<u>336,560,432</u>	<u>336,560,432</u>
		493,059,782	493,059,782
Minority Interest (Refer Note 12 of Schedule 'T')		-	-
Loan Funds			
Secured Loans	C	183,336,336	217,872,714
Unsecured Loans	D	<u>62,353,654</u>	<u>40,251,507</u>
		245,689,990	258,124,221
TOTAL		<u><u>738,749,772</u></u>	<u><u>751,184,003</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	639,823,836	703,689,009
Less : Depreciation / Amortisation / Impairment		<u>314,669,481</u>	<u>293,896,994</u>
Net Block		325,154,355	409,792,015
Less:Provision for Fixed Assets written Off		-	28,659,274
Add: Capital Work-in-Progress		<u>-</u>	<u>26,351,620</u>
		325,154,355	407,484,361
Investments	F	63,000	60,000
Deferred Tax Asset (Refer Note 13 of Schedule T)		-	-
Current Assets, Loans and Advances			
Inventories	G	4,620,776	8,152,801
Sundry Debtors	H	10,893,157	6,486,826
Cash and Bank Balances	I	14,495,636	15,852,330
Other Current Assets	J	3,561,013	3,789,724
Loans and Advances	K	<u>32,156,031</u>	<u>52,365,372</u>
		65,726,613	86,647,053
Less: Current Liabilities and Provisions	L		
Current Liabilities		99,952,266	115,168,644
Provisions		<u>6,554,896</u>	<u>7,790,434</u>
		106,507,162	122,959,078
Net Current Assets		(40,780,549)	(36,312,025)
Profit & Loss Account	M	<u>454,312,966</u>	<u>379,951,667</u>
TOTAL		<u><u>738,749,772</u></u>	<u><u>751,184,003</u></u>

Significant Accounting Policies and
Notes to Accounts

T

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

As per our report attached of even date

For Haribhakti & Co.

Chartered Accountants
Firm Regn. No. 103523W

Chetan Desai

Partner
Membership No. 17000
Place : Mumbai
Dated: May 27, 2011

For and on behalf of the Board

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

Place : Mumbai
Dated: May 27, 2011

galaxy
ENTERTAINMENT CORPORATION LIMITED

Consolidated Profit and Loss Account

for the year ended March 31, 2011



	Schedule	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
INCOME:			
Revenue from Services	N	270,392,183	335,180,082
Other Income	O	<u>10,400,849</u>	<u>10,874,390</u>
TOTAL		<u><u>280,793,032</u></u>	<u><u>346,054,472</u></u>
EXPENDITURE:			
Employee Expenses	P	50,050,546	74,149,991
Operating and Administrative Expenses	Q	211,554,800	346,642,576
Interest and Finance Charges	R	33,228,453	30,883,757
Depreciation / Amortisation / Impairment		<u>58,425,080</u>	<u>81,538,168</u>
TOTAL		<u><u>353,258,879</u></u>	<u><u>533,214,492</u></u>
Profit/(Loss) before Exceptional Items, Minority Interest and Taxation for the year		(72,465,847)	(187,160,020)
Exceptional Items :	S	-	(12,510,722)
Profit / (Loss) before Minority Interest and Taxation for the year		(72,465,847)	(199,670,742)
Provision for Tax		-	-
- Current		-	-
- Deferred tax		-	-
- Earlier Year		<u>(1,895,452)</u>	-
Profit / (Loss) after Taxation for the year		<u>(74,361,299)</u>	<u>(199,670,742)</u>
Prior period adjustments		-	(255,254)
Minority Interest in Loss of the Subsidiary (Refer note 12 of schedule T)		-	-
Profit / (Loss) for the year		<u>(74,361,299)</u>	<u>(199,925,996)</u>
Balance brought forward from previous year		<u>(379,951,667)</u>	<u>(180,025,671)</u>
Balance of Profit carried forward to the Balance Sheet		<u><u>(454,312,966)</u></u>	<u><u>(379,951,667)</u></u>
Basic and Diluted Earnings per Share (Face Value Rs.10 each)			
- Before Exceptional Items		(4.75)	(11.98)
- After Exceptional Items		(4.75)	(12.77)
(Refer Note 11 of Schedule 'T')			

Significant Accounting Policies and Notes to Accounts T

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

As per our report attached of even date

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

Chetan Desai
Partner
Membership No. 17000
Place : Mumbai
Dated: May 27, 2011

For and on behalf of the Board

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

Place : Mumbai
Dated: May 27, 2011



Consolidated Cash Flow Statement Annual Report 2010-2011

for the year ended March 31, 2011

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEMS		(72,465,847)		(199,670,742)
Adjustment for :				
Depreciation and Goodwill written off	58,425,080		81,538,168	
Loss on closure of centre	-		12,510,722	
Interest Expense	33,205,292		30,843,455	
Interest Income	(4,393,932)		(1,177,248)	
(Gain)/Loss on Foreign Exchange Fluctuation	4,187,783		(4,748,723)	
(Profit)/Loss on Sale /Redemption of Investments (Net)	-		49,213	
(Profit)/Loss on Sale/Discarding of Assets	(1,102,659)		3,677,791	
Deferred Tax Assets written off	-		2,682,499	
Provision for Fixed Assets written Off	-		28,659,273	
Sundry Assets Written Off	20,540,312		34,427,577	
Bad Debts Written off	326,350		171,904	
Miscellaneous Expenses written off	-	111,188,226	129,137	188,763,768
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		38,722,379		(10,906,974)
(Increase)/ decrease in working capital :				
Trade and other receivables	10,187,781		40,707,028	
Inventories	3532,025		(622,429)	
Trade and other Payables	(20,619,573)		(17,937,910)	
Other Current Assets	228,711		12,966,688	
		(6,671,056)		35,113,377
CASH GENERATED IN OPERATIONS		32,051,323		24,206,403
Payment of Taxes		3,144,589		2,424,910
NET CASH GENERATED IN OPERATING ACTIVITIES	(A)	<u>35,195,912</u>		<u>26,631,313</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		4,467,274		(50,710,420)
(Increase in) / Redemption of Investments		(3,000)		675,481
Sale of Fixed Assets		-		7,763,801
Interest Received		4,622,643		1,873,103
NET CASH USED IN INVESTING ACTIVITIES	(B)	<u>9,086,917</u>		<u>(40,398,035)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Net change in borrowings (outflow) / inflow		(12,434,231)		22,084,609
Interest paid		(33,205,291)		(30,843,455)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(C)	<u>(45,639,522)</u>		<u>(8,758,846)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	(1,356,693)		(22,525,568)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR		15,852,329		38,377,897
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR		<u>14,495,636</u>		<u>15,852,329</u>
Composition of Cash & Cash equivalents:				
Cash & Bank Balance (Refer Schedule 'I')		14,495,636		15,852,329
Total		<u>14,495,636</u>		<u>15,852,329</u>

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

As per our report attached of even date

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

Chetan Desai
Partner
Membership No. 17000
Place : Mumbai
Dated: May 27, 2011

For and on behalf of the Board

Sunil Biyani Director	Udita Jhunjunwala Director	Rohinton Rabady Manager
Place : Mumbai Dated: May 27, 2011		

Schedules

Annual Report 2010-2011

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
20,000,000 Equity Shares of Rs. 10 each (Previous Year 20,000,000 equity Shares)	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-Up		
15,649,935 Equity Shares of Rs. 10 each, fully paid-up (Previous Year 15,649,935 equity Shares) (Out of the above 2,937,935 equity shares issued for consideration other than cash)	156,499,350	156,499,350
	<u>156,499,350</u>	<u>156,499,350</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Securities Premium Account	318,497,460	318,497,460
General Reserve	<u>18,062,972</u>	<u>18,062,972</u>
	<u>336,560,432</u>	<u>336,560,432</u>
SCHEDULE 'C' : SECURED LOANS		
From Banks		
Cash Credit	6,676,659	1,463,777
Term Loan	174,594,000	214,163,198
Interest Accrued & Due	<u>2,065,677</u>	<u>2,245,739</u>
	<u>183,336,336</u>	<u>217,872,714</u>
(Amount payable within a year Rs. 46,800,000 previous year Rs. 41,400,000) (Secured against charge on entire present and future movable fixed/current assets of the Company and personal guarantee of one of the Director)		
SCHEDULE 'D' : UNSECURED LOANS		
Short Term Loan & Advances		
Inter Corporate Deposit	<u>62,353,654</u>	<u>40,251,507</u>
	<u>62,353,654</u>	<u>40,251,507</u>

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011

SCHEDULE 'E': FIXED ASSETS

[at cost less Depreciation/Amortisation/Impairment]

Amount in Rupees

Particulars	Gross Block				Depreciation / Amortisation/Impairment					Net Block	
	As at 01.04.2010	Addition	Deduction/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Deductions/ Adjustments	Provision for Impairment as at 01.04.2010	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Goodwill on consolidation	13,380,922	-	-	13,380,922	13,380,922	-	-	-	13,380,922	-	-
Improvements to Licensed Premises [Refer Note No. 6 to Schedule 'I']	89,654,502	-	28,157,565	61,496,937	18,580,300	8,268,177	6,487,138	-	20,361,339	41,135,598	71,074,202
Plant and Machinery	437,340,631	26,928,199	37,801,865	426,466,965	132,182,040	40,571,853	17,566,166	6,843,386	162,031,113	264,435,852	298,315,205
Furniture and Fixtures	64,863,414	-	21,296,971	43,566,443	29,324,519	7,930,466	11,602,159	-	25,652,826	17,913,617	35,538,895
Computer Software	4,127,517	-	644,886	3,482,631	2,607,682	687,271	519,386	88,162	2,863,729	618,902	1,431,673
Vehicles	1,428,280	-	546,585	881,695	1,307,243	98,523	524,122	-	881,644	51	121,037
Intangibles Intangible - Rights/Brands	86,512,743	-	-	86,512,743	86,512,743	-	-	-	86,512,743	-	-
Liquor License Cost	6,381,000	-	2,345,500	4,035,500	3,069,997	868,790	953,622	-	2,985,165	1,050,335	3,311,003
SUB TOTAL	703,689,009	26,928,199	90,793,372	639,823,836	286,965,446	58,425,080	37,652,593	6,931,548	314,669,481	325,154,355	409,792,015
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	26,351,620
GRAND TOTAL	703,689,009	26,928,199	90,793,372	639,823,836	286,965,446	58,425,080	37,652,593	6,931,548	314,669,481	325,154,355	436,143,635
Previous Year	696,637,515	97,168,964	90,117,470	703,689,009	239,585,800	74,606,620	27,226,974	6,931,548	293,896,994	436,143,635	

**As at
31.03.2011
Rupees**

**As at
31.03.2010
Rupees**

SCHEDULE 'F' : INVESTMENTS

(Unquoted unless otherwise stated)

Trade Investments:

National Savings Certificate (under lien)

63,000

60,000

Total Trade Investment

63,000

60,000

In Equity Shares

-

-

Total Investments

63,000

60,000

SCHEDULE 'G' : INVENTORIES (Lower of Cost or Market Value)

Restaurant supplies and consumables

2,291,310

3,709,343

Video Games consumables

2,329,466

4,443,458

4,620,776

8,152,801

Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE 'H' : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Good	1,915,630	1,144,386
- Considered Doubtful	1,045,489	1,355,963
Other Debts		
- Considered Good	8,977,527	5,342,440
- Considered Doubtful	-	-
	<u>11,938,646</u>	<u>7,842,789</u>
Less: Provision for Doubtful Debts	<u>(1,045,489)</u>	<u>(1,355,963)</u>
	<u><u>10,893,157</u></u>	<u><u>6,486,826</u></u>
SCHEDULE 'I' : CASH AND BANK BALANCES		
Cash on hand	464,910	878,600
Balances with Scheduled Banks:		
(i) in Current Accounts	863,219	1,783,957
(ii) in Term Deposits	<u>13,167,507</u>	<u>13,189,773</u>
	<u><u>14,495,636</u></u>	<u><u>15,852,330</u></u>
SCHEDULE 'J' : Other Current Assets		
Interest accrued & Receivable	<u>3,561,013</u>	<u>3,789,724</u>
	<u><u>3,561,013</u></u>	<u><u>3,789,724</u></u>
SCHEDULE 'K' : LOANS AND ADVANCES (Unsecured, Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,114,688	15,034,005
Deposits for Premises	20,385,232	29,045,087
Advance payment of Taxes	<u>4,743,255</u>	<u>9,803,424</u>
	<u>33,243,175</u>	<u>53,882,516</u>
Less: Provision for Doubtful Advances	<u>1,087,143</u>	<u>1,517,144</u>
	<u><u>32,156,032</u></u>	<u><u>52,365,372</u></u>
SCHEDULE 'L': CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 16 of Schedule 'T')	81,153,975	93,143,091
Other Liabilities	<u>18,798,291</u>	<u>22,025,553</u>
	<u><u>99,952,266</u></u>	<u><u>115,168,644</u></u>
PROVISIONS:		
Fringe Benefit Tax	3,269,169	3,289,297
Gratuity	1,702,858	2,345,902
Leave Encashment	<u>1,582,869</u>	<u>2,155,235</u>
	<u><u>6,554,896</u></u>	<u><u>7,790,434</u></u>
SCHEDULE 'M': PROFIT AND LOSS ACCOUNT		
Profit and loss Account	<u>454,312,966</u>	<u>379,951,667</u>
	<u><u>454,312,966</u></u>	<u><u>379,951,667</u></u>

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2011

		For the year ended 31.03.2011	For the year ended 31.03.2010
	Rupees	Rupees	Rupees
SCHEDULE 'N' : REVENUE FROM SERVICES			
Games		125,497,232	157,008,099
Restaurants			
Wines, Liquor and Tobacco	84,646,673		88,268,314
Food, Beverage etc.	<u>43,683,737</u>		<u>74,799,408</u>
		128,330,410	163,067,722
Sponsorships		1,523,266	2,022,378
Income from Machine hire charges		14,701,756	12,201,783
Miscellaneous Receipts		<u>339,519</u>	<u>880,100</u>
		<u>270,392,183</u>	<u>335,180,082</u>
 SCHEDULE 'O' : OTHER INCOME			
Interest on Fixed Deposit		1,031,850	1,174,998
[Tax deducted at source Rs. 89,363/- (Previous year Rs. 144,634)]			
Provision no longer required, written back (net)		2,668,877	4,329,675
Miscellaneous Income		3,338,040	5,367,467
Interest-others		<u>3,362,082</u>	<u>2,250</u>
		<u>10,400,849</u>	<u>10,874,390</u>
 SCHEDULE 'P' : Employee Expenses			
Salaries, Wages, Gratuity and Bonus etc.		46,374,579	68,953,565
Contribution to Provident and Other Funds		2,606,129	3,994,732
Staff Welfare Expenses		<u>1,069,838</u>	<u>1,201,694</u>
		<u>50,050,546</u>	<u>74,149,991</u>
 SCHEDULE 'Q' : OPERATING AND GENERAL EXPENSES			
Restaurant Consumables:			
Wines, Liquor, Beverage & Tobacco	24,941,712		29,766,852
Food consumables, etc.	<u>14,299,809</u>		<u>27,440,466</u>
		39,241,521	57,207,318
Games Expenses		5,333,416	10,984,696
Other Operating and Administrative Expenses:			
Fuel, Power and Light		18,440,319	26,302,939
Repairs and Maintenance			
- Building	254,883		640,135
- Machinery	6,274,374		5,144,882
- Others	<u>2,384,568</u>		<u>3,912,824</u>
		8,913,825	9,697,841

Annexed to and forming part of the Consolidated Profit & Loss Account for the year ended March 31, 2011

	For the year ended 31.03.2011	For the year ended 31.03.2010
Rupees	Rupees	Rupees
SCHEDULE 'Q' : OPERATING AND GENERAL EXPENSES (Contd.)		
Rent	80,623,777	105,754,642
Rates and Taxes	10,855,795	18,529,880
Insurance	1,701,261	2,690,977
Advertisement and Publicity	4,775,494	6,152,835
Printing & Stationery	836,744	1,192,359
Travelling	3,637,147	8,760,275
Telephone	1,439,929	2,689,913
Payments To Auditors	985,023	1,007,313
Legal and Professional Fees	3,392,052	5,400,812
Security Charges	2,312,798	3,195,958
Directors Sitting Fees	175,000	190,000
Bad Debts Written off	326,350	171,904
Provision for Doubtful Debts	-	2,129,788
	326,350	2,301,692
Commission on Credit Cards	1,244,613	1,294,897
Sundry Assets written off	20,540,312	34,427,577
(Gain) /loss on foreign exchange fluctuation in respect of foreign currency	4,187,783	(4,748,723)
(Profit)/loss on sale of short term investment	-	47,520
(Profit)/loss on sale of long term investment	-	1,693
Miscellaneous Expenses	2,591,641	22,190,724
Provision for Fixed Assets write Off	-	28,659,273
Loss on Sale/Discarding of Fixed Assets	-	2,710,165
	<u>211,554,800</u>	<u>346,642,576</u>

SCHEDULE 'R' : INTEREST AND FINANCE CHARGES

Bank Charges	203,492	113,822
Interest on ICD / Overdrawn	7,329,888	1,739,725
Forward Cover Premium	-	197,642
Interest on Term Loans	24,687,338	28,055,652
Interest on Cash Credit	1,006,914	736,974
Interest on others	821	39,942
	<u>33,228,453</u>	<u>30,883,757</u>

SCHEDULE 'S' :EXCEPTIONAL ITEMS

Loss on closure of centre	-	12,510,722
	<u>-</u>	<u>12,510,722</u>

SCHEDULE 'T': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**1. BACKGROUND**

Galaxy Entertainment Corporation Limited ('the Company') was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country and as at the balance sheet date it has 20 centres offering a variety of facilities such as bowling, pool and video games, restaurant services, etc. The company has two subsidiaries namely, Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited.

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

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

b. Use of estimates

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

c. Principals of Consolidation

The consolidated financial statements relate to Galaxy Entertainment Corporation Limited ('the Parent') and its subsidiary companies (the "Group"). The consolidated financial statements have been prepared in accordance with the principle and procedures required for the preparation and presentation of financial statements as laid down under the Accounting Standard (AS-21) 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).

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

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

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

Depreciation has been fully charged on assets whose actual cost does not exceed Rs.5,000.

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

e. Intangible asset

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

f. Investments

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

g. Inventories

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

h. Revenue recognition

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

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

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

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

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

i. Retirement and other Employee benefits

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

j. Taxes on income

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

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

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.

l. Leases

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

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

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

m. Earnings Per Share

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

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

n. Cash and Cash equivalents

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

o. Provisions

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

p. Un-hedged Foreign Currency Exposure

Un-hedged foreign currency exposures as at March 31, 2011 are as under:-

Particulars	Amount in Foreign Currency		Amount in Indian Rupees	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Accounts Payable	USD 79,350	USD 123,706	Rs. 3,542,977	Rs. 5,584,088
Accounts Payable	JPY 64,502,018	JPY 82,573,664	Rs. 34,843,990	Rs. 39,998,683

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

q. Borrowing Power

The Board of Directors has exceeded the limit of borrowing set out under Section 293(1) (d) during the year. The Board will take the consent of the Company in the ensuing Annual General Meeting. Accordingly, the Board will ratify its decision relating to above mentioned violation of Section 293 (1) (d).

r. Going Concern

The Company is incurring losses for last few years, its accumulated losses at the last date of the financial year exceed fifty percent of the net worth of the Company and its networth has been substantially eroded. The Company has restructured its business in the last 1 year and is also considering viable expansion plans. The Company has neither the intention nor the necessity of the liquidation or of curtailing materially the scale of the operations. Therefore, these accounts have been prepared on the going concern basis.

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

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

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

5. a) Contingent liabilities not provided for in respect of guarantees given by banks Rs. 11,383,500(Previous Year Rs. 11,937,600).

In respect of disputed tax demand not provided.

Particulars	2010-2011 Rupees	2009-2010 Rupees
Income Tax Demand	-	4,042,964
Indirect Tax Demand	2,168,316	2,168,316

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

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

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

7. Expenditure in foreign currency

Particulars	2010-2011 Rupees	2009- 2010 Rupees
Travel Expenses	197,096	-
Capital Goods and Spare Parts	848,889	10,480,986
Membership Fees	-	-
Total	1,045,985	10,480,986

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

8. Earnings in foreign currency

Particulars	2010-2011 Rupees	2009- 2010 Rupees
Leisure and Entertainment Income	1,877,188	938,565
Total	1,877,188	938,565

9. 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, 2011 is as under:

Names of related parties and description of relationship:

I. Key Managerial Personnel

Mr. Rohinton Rabady (Manager)

II. Other Entities where control exists

Pantaloon Retail (India) Ltd. (Entity having 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. Rohinton Rabady	2,749,830 (1,200,775)		2,749,830 (1,200,775)
Loan Received from PRIL	-	20,000,000 (40,000,000)	20,000,000 (40,000,000)
Loan Repaid to PRIL	-	20,000,000 (40,000,000)	20,000,000 (40,000,000)
Purchase/Services from PRIL	-	5,547,454 (6,180,531)	5,547,454 (6,180,531)
Interest Paid to PRIL	-	32,877 (65,735)	32,877 (65,735)
Sales/Hire Charges to PRIL	-	5,660,739 (20,823,152)	5,660,739 (20,823,152)
Rent Paid - PRIL		7,935,727 (18,684,967)	7,935,727 (18,684,967)
Reimbursement of Expenses to PRIL		- (1,308,007)	- (1,308,007)
Outstanding at year-end: Sundry Creditors & Other Liabilities - PRIL		-378,209 (5,909,409)	-378,209 (5,909,409)

Figures in bracket are with respect to previous year

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

10. Properties which are under operating agreements

Particulars	2010-2011 Rupees	2009-2010 Rupees
Business conducting / License charges recognized in the statement of profit and loss during the year	13,398,469	30,225,651
Total of future minimum lease payments under non-cancelable operating agreements:		
- Not later than 1 year	648,252	14,499,123
- Later than 1 year and not later than 5 years	-	1,790,001
- Later than 5 years	-	-
Total of future minimum lease payments payable under operating agreements	648,252	16,289,124

11. Earnings per share

Particulars	2010-2011 Rupees	2009-2010 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)	(74,361,299)	(187,415,274)
Net Profit/(Loss) for the year after exceptional items as per profit and loss account considered as numerator for calculating earnings per share (B)	(74,361,299)	(199,925,996)
Weighted average number of equity shares outstanding during the year (C)	15,649,935	15,649,935
Nominal value per share	10	10
Earning per share before exceptional item (A)/(C)	(4.75)	(11.98)
Earning per share after exceptional item(B)/(C)	(4.75)	(12.77)

12. Minority Interest

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

Share in profit of subsidiary for the year relating to minority interest of Rs. 38,475 is credited to consolidated profit & loss account. Aggregated of losses applicable to minority interest debited to consolidated profit and loss account as on 31st March 2011 amounts to Rs. 6,460,601/-

13. Deferred Tax Asset/(Liability): - On a conservative basis, the Company has not recognized any deferred tax asset/(liability) pertaining to the current year.

The components of deferred tax assets for the year ended March 31, 2011 are as under

Particulars	As at 31.03.2011
Deferred Tax Asset/(Liability):	
On provision for gratuity	15,125
On provision for leave encashment	22,527
On account of depreciation	(393,116)
Deferred Tax Asset/(Liability)	(355,464)

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

14. 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.

15. 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:

Particulars	Year Ended March 31, 2011 (Rs.)
Employer's contribution to Provident Fund	1,365,745

II. Defined Benefit Plans

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

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

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

A. Change in the Present Value of Obligation

Particulars	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Defined Benefit Obligation as at beginning of the period	2,345,902	2,155,235
Interest Cost	204,513	215,928
Current Service Cost	574,536	851,585
Benefits Paid	(728,046)	(615,444)
Actuarial (gain) / loss on Obligations	(798,445)	(1,024,435)
Present Value of Defined Benefit Obligation as at the end of the period	1,702,858	1,582,869

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

Particulars	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment (Rs.)
Present Value of Funded Obligation as at end of the period	1,702,858	1,582,869
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	1,702,858	1,582,869
Included in provision (Schedule)	1,702,858	1,582,869

Annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2011

C. Amount recognized in Balance Sheet

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

D. Expenses recognized in Profit and Loss Account

Particular	Year Ended March 31, 2011	
	Gratuity (Rs.)	Leave Encashment(Rs.)
Current Service Cost	574,536	851,585
Past Service Cost	102,263	Nil
Interest Cost	204,513	215,928
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	(798,445)	(1,024,453)
Total Expenses recognized in the Profit And Loss Account	82,867	43,078

16. 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, 2011 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".

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

Signatures to Notes 'A' to 'T'

For and on behalf of the Board

Sunil Biyani
Director

Udita Jhunjunwala
Director

Rohinton Rabady
Manager

Place: Mumbai
Dated: May 27, 2011

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GALAXY ENTERTAINMENT CORPORATION LIMITED

Registered Office: 304, 3rd floor, Prathamesh Towers B-Wing, Raghuvanshi Mills Compound, 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 _____ of failing him/her

_____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday, the 28th day of September, 2011 at 11.00 a.m. and at any adjournment thereof.

Signed on this _____ day of _____ 2011

Signature of Shareholder _____

Affix
Revenue
Stamp of
Re.1/-

Note:

The Proxy form duly completed and signed must be deposited at the Registered Office of the Company at

_____ 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: 304, 3rd floor, Prathamesh Towers B-Wing, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel West, Mumbai 400 013

ATTENDANCE SLIP

I/We hereby record my/our presence at the Twenty Ninth Annual General Meeting of the Company at Mayfair Banquets, Odyssey Hall, 254C, Dr. Annie Besant Road, Worli, Mumbai 400 030 on Wednesday, the 28th day of September, 2011 at 11.00 a.m.

Name _____ Address _____

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

Client ID. No. _____ DP. ID. No. _____

Name of Proxy/Representative, if any _____

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



galaxy

ENTERTAINMENT CORPORATION LIMITED





galaxy

ENTERTAINMENT CORPORATION LIMITED

REGISTERED OFFICE:

304, 3rd Floor, Prathmesh Tower , B Wing , Raghuvanshi Mills Compound ,
Senapati Bapat Marg, Lower Parel (West) , Mumbai- 400013

www.galaxyentt.com