



# **SARA & ASSOCIATES**

## **Chartered Accountants**

Santosh Jain | Ramawatar Sharma | Rajesh Agarwal | Alok Bairagra | Manoj Agarwal  
M.Com., F.C.A., DISA | B.Com., F.C.A. | B.Com., F.C.A. | B.Com., F.C.A. | B.Com., F.C.A.

Govind Sharma | Sandeep Saini | Rachana Kenol | Kamal Sharma | Dominic D'costa  
M.Com., F.C.A., DISA | B.Com., F.C.A., DISA | B.Com., F.C.A., C.S. | B.Com., F.C.A. | B.Com., A.C.A.

202, May Building, 297/299/301, Princess Street, Near Marine Lines Flyover, Mumbai - 400 002. | Tel: 4922 7200 | Fax: 2209 1106  
E-mail: info@sara-india.com Website: www.sara-india.com

### **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
GALAXY ENTERTAINMENT CORPORATION LIMITED**

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **Galaxy Entertainment Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation & presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.





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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

### EMPHASIS OF MATTERS

We draw attention to note 28(c) to the financial statement on capital goods imported under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfil export obligation by October 2015 for which Company had sought an extension with Directorate General of Foreign Trade.

We draw attention to note 29 to the financial statement regarding winding up petition filed against the company under section 433(e) / 434 of Companies Act, 1956 before the Hon'ble High Court of Bombay. The matter is subjudice.

Our Opinion is not modified in respect of these matters

### OTHER MATTERS

We draw attention to note 43(ii) to the financial statement regarding disposal of entire investments held by the Company in its non-operative subsidiary companies based on a valuation report from an Independent Chartered Accountant. The sale price was less than the cost of acquisition of said shares.

Our Opinion is not modified in respect of these matters

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;





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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B" and,
- g) With respect to the other matters to be included in Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial statements – refer Note no. 27, 28, 29 and 30 of the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts hence the question of making a provision for any resulting material foreseeable losses does not arise; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

*Alok Bairagra*  
Alok Bairagra  
Partner

Membership No.: 105153



Place: Mumbai  
Date: 19/05/2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, a part of fixed assets have been physically verified by the management during the year in the phased periodical manner which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) Since the Company does not have any immovable properties, therefore the paragraph 3(i)(c) of the order is not applicable.
- (ii) As explained to us, inventory consisting of consumables and supplies has been physically verified by the management during the year and no material discrepancies were noticed.
- (iii) The company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore paragraph 3(iii)(a)(b)(c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us there are no loans, investment, guarantees and security given by the Company, therefore paragraph 3(iv) of the order is not applicable.
- (v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposit from the public. Therefore paragraph 3(v) of the order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities, wherever applicable. Except for the service tax amounting to Rs.22,422 (inclusive of interest) which was outstanding for a period of more than six months from the date they became payable as on the last day of the financial year and subsequently paid by the Company.





(b) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues as at 31<sup>st</sup> March, 2016 which has not been deposited on account of 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	Sales Tax	16,68,316	F.Y. 2003-04	Deputy Commissioner of Sales Tax
Maharashtra Sales Tax		74,92,720	F.Y. 2008-09	Deputy Commissioner of Sales Tax
West Bengal Sales Tax		81,211	F.Y. 2011-12	Joint Commissioner of Sales Tax
Income Tax Act, 1961	Income Tax	13,39,320 17,410	A.Y. 2012-13 A.Y. 2013-14	Assistant Commissioner of Income Tax
Bangalore Sales Tax Act	Entertainment Tax	20,04,648	November 2006 to August 2007	Sales Tax

- (viii) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of loans or borrowings to financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during course of our audit.
- (xi) According to the information and explanation given to us and on the basis of our examination of relevant records, no managerial remunerations were paid or provided by the Company during the year under audit.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanation given to us and on the basis of our examination of relevant records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements etc., as required by the applicable Accounting Standards.



(xiv) According to the information and explanation given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) According to the information and explanation given to us and on the basis of our examination of the records, the company has not entered in to any non-cash transaction with its directors or persons connected with him.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

*Alok Bairagra*

**Alok Bairagra**  
Partner

Membership No: 105153



Place: Mumbai  
Date: 19/05/2016

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of **Galaxy Entertainment Corporation Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

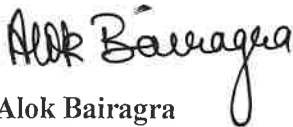
## OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S A R A & Associates**

Chartered Accountants

Firm Regn No: 120927W



**Alok Bairagra**

Partner

Membership No.: 105153



Place: Mumbai

Date: 19/05/2016



**Galaxy Entertainment Corporation Limited**  
**Balance Sheet as at 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

(Amount in ₹)

Particulars	Note No	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
( a ) Share Capital	3	156,499,350	156,499,350
( b ) Reserves & Surplus	4	<u>(168,416,611)</u>	<u>(148,191,430)</u>
		<b>(11,917,261)</b>	<b>8,307,920</b>
<b>2 Share Application Money Pending Allotment</b>			
<b>3 Non-Current Liabilities</b>			
( a ) Long Term Borrowings	5	111,818,174	123,031,074
( b ) Deferred Tax Liabilities (Refer Note No. 34)	6	79,160,018	74,472,333
( c ) Other Long Term Liabilities	7	<u>241,266</u>	<u>1,636,002</u>
( d ) Long Term Provisions		<b>191,219,458</b>	<b>199,139,409</b>
<b>4 Current Liabilities</b>			
( a ) Short Term Borrowings	8	23,683,844	15,771,087
( b ) Trade Payables	9	38,883,145	59,564,040
( c ) Other Current Liabilities	10	49,041,599	54,013,507
( d ) Short Term Provisions	11	<u>39,491</u>	<u>273,406</u>
		<b>111,648,080</b>	<b>129,622,041</b>
<b>Total</b>		<u><u><b>290,950,277</b></u></u>	<u><u><b>337,069,369</b></u></u>
<b>II ASSETS</b>			
<b>1 Non Current Assets</b>			
( a ) Fixed Assets			
(i) Tangible Assets	12	245,235,818	272,696,544
(ii) Intangible Assets	13	180,566	195,354
(iii) Capital Work-in-Progress		-	-
( b ) Non Current Investments	14	-	-
( c ) Deferred Tax Assets ( Refer note No. 34)		-	-
( d ) Long Term Loans and Advances	15	8,101,920	16,558,969
( e ) Other Non Current Assets	16	<u>20,233,095</u>	<u>20,350,766</u>
		<b>273,751,399</b>	<b>309,801,633</b>
<b>2 Current Assets</b>			
( a ) Inventories	17	118,613	2,544,889
( b ) Trade Receivables	18	9,554,316	8,637,042
( c ) Cash and Bank Balances	19	534,444	1,035,029
( d ) Short Term Loans and Advances	15	4,050,756	13,645,158
( e ) Other Current Assets	20	<u>2,940,749</u>	<u>1,405,617</u>
		<b>17,198,878</b>	<b>27,267,736</b>
<b>Total</b>		<u><u><b>290,950,277</b></u></u>	<u><u><b>337,069,369</b></u></u>
Significant Accounting Policies	2		
Notes on Financial Statements	3 to 44		
As per our report of even date			

**For SARA & Associates**

Chartered Accountants

Firm Regn No.120927W

*Alok Bairagra*  
**Alok Bairagra**  
 Partner

Membership No. 105153



**For and on behalf of the Board**

*Sunil Biyani*  
**Sunil Biyani**  
 DIN : 00006583  
 Director

*Udita Jhunjhunwala*  
**Udita Jhunjhunwala**  
 DIN : 00120951  
 Director

*Vikas Kedia*  
**Vikas Kedia**  
 Chief Financial Officer

Place: Mumbai

Dated : May 19, 2016

Place: Mumbai

Dated : May 19, 2016

**Galaxy Entertainment Corporation Limited**  
**Statement of Profit and Loss for the year ended 31st March , 2016**  
**CIN : L51900MH1981PLC024988**

Particulars	Note No	Year Ended 31.03.2016	Year Ended 31.03.2015
(Amount in ₹)			
<b>I REVENUE</b>			
( a ) Revenue From Operations	21	428,458,391	405,567,082
( b ) Other Income	22	67,741,886	49,274,665
<b>Total Revenue</b>		<b>496,200,277</b>	<b>454,841,747</b>
<b>II EXPENSES</b>			
( a ) Cost of Materials Consumed	23	373,183,551	261,342,250
( b ) Employee Benefits Expense	24	20,301,248	34,422,326
( c ) Finance Costs	25	16,478,660	11,408,549
( d ) Depreciation and Amortisation Expense	12 & 13	26,828,067	26,457,266
( e ) Other Expenses	26	79,633,931	119,772,754
<b>Total Expenses</b>		<b>516,425,457</b>	<b>453,403,144</b>
<b>Profit before exceptional items and tax</b>		<b>(20,225,180)</b>	<b>1,438,603</b>
Add : Exceptional Items			
<b>Profit before tax</b>		<b>(20,225,180)</b>	<b>1,438,603</b>
Tax Expenses		-	-
<b>Profit / (Loss) for the year</b>		<b>(20,225,180)</b>	<b>1,438,603</b>
<b>Earnings per Equity Share (₹)</b>			
Basic and Diluted - Par Value of ₹ 10/- per share	35	(1.29)	0.09
Significant Accounting Policies	2		
Notes on Financial Statements	3 to 44		

As per our report of even date

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

*Alok Bairagra*  
**Alok Bairagra**  
Partner  
Membership No. 105153



Place: Mumbai  
Dated : May 19, 2016

For and on behalf of the Board

*Sunil Biyani*  
**Sunil Biyani**  
DIN : 00006583  
Director

*U. Jhunjhunwala*  
**Udita Jhunjhunwala**  
DIN : 00120951  
Director

*Vikas Kedia*  
**Vikas Kedia**  
Chief Financial Officer

Place: Mumbai  
Dated : May 19, 2016

**Galaxy Entertainment Corporation Limited**  
**Cash Flow Statement for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

Particulars	As at 31.03.2016	(Amount in ₹) As at 31.03.2015
<b>A. Cash Flow arising from Operation Activities :</b>		
Profit before Exceptional Items and Tax as per Statement of Profit & Loss	(20,225,180)	1,438,603
<b>Add / (Deduct):</b>		
Depreciation and Amortisation Expense	26,828,067	26,457,266
Interest Income	(1,786,372)	(3,977,275)
Profit on Sale of Fixed Assets	(272,160)	(866,004)
Actuarial Gain on Employee Benefits	(1,334,999)	-
(Gain) / Loss on Foreign Exchange Fluctuation	4,687,685	(3,425,572)
Interest Expenses	16,478,660	11,408,549
Prov. for Dimunation in Inv. in Subsidiaries	(35,591,840)	2,463,370
Loss on Disposal of investment in Subsidiaries	22,970,420	-
Depreciation / Amortisation written back	-	(625,268)
Service Tax Receivable ( Expenses Out)	-	1,877,855
Sundry Balance Written Bank (Net)	(28,756,515)	(40,380,547)
<b>Operating Cash Profit before Working Capital Changes</b>	<b>(17,002,234)</b>	<b>(5,629,023)</b>
<b>Add / (Deduct):</b>		
Increase / (Decrease) in Trade payables	3,387,935	(8,165,705)
Increase / (Decrease) in Other Current Liabilities	(4,971,908)	(241,376,655)
Increase / (Decrease) in Other long-Term Liabilities	4,687,685	46,609,927
Increase / (Decrease) in Provisions	(293,652)	(1,427,414)
(Increase) / Decrease in Inventories	2,426,276	591,988
(Increase) / Decrease in Trade receivables	(917,274)	166,945,083
(Increase) / Decrease in loans and advances	19,375,435	42,873,492
(Increase) / Decrease in Current & Non-Current Assets	(1,417,462)	(4,337,823)
Cash Flow from Operations	5,274,802	(3,916,130)
<b>Deduct:</b>		
Direct Tax (Net)	1,323,984	(1,075,959)
<b>Net Cash Inflow in the course of Operating Activities</b>	<b>3,950,818</b>	<b>(2,840,171)</b>
<b>B. Cash Flow arising from Investment Activities :</b>		
(Decrease)/Increase in Fixed Asset (including Capital Work in Progress)	(681,463)	(56,809,766)
Sales of Fixed Assets	1,601,070	1,540,000
Sales of Investment	12,621,420	-
Interest received	1,786,372	3,977,275
<b>Net Cash Inflow / (Outflow) in the course of Investing Activities</b>	<b>15,327,399</b>	<b>(51,292,491)</b>
<b>C. Cash Flow arising from Financing Activities :</b>		
Proceeds from / ( Repayment of ) Long Term Loans	(3,300,143)	61,148,909
Interest Expenses	(16,478,660)	(11,408,549)
<b>Net Cash Inflow / (Outflow) in the course of Financing Activities</b>	<b>(19,778,803)</b>	<b>49,740,360</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(500,586)</b>	<b>(4,392,302)</b>
Opening Balance of Cash and Cash Equivalents	1,035,029	5,427,330
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>534,444</b>	<b>1,035,029</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash & Bank Balances Note 19	534,444	1,035,029
<b>Total</b>	<b>534,444</b>	<b>1,035,029</b>



Note:

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

As per our report of even date

**For S A R A & Associates**

Chartered Accountants

Firm Regn No.120927W

*Alok Bairagra*

**Alok Bairagra**

Partner

Membership No. 105153



**For and on behalf of the Board**

*Sunil Biyani*

**Sunil Biyani**

DIN : 00006583

Director

*Udita Jhunjhunwala*

**Udita Jhunjhunwala**

DIN : 00120951

Director

*Vikas Kedia*

**Vikas Kedia**

**Chief Financial Officer**

Place: Mumbai

Dated : May 19, 2016

Place: Mumbai

Dated : May 19, 2016

## **GALAXY ENTERTAINMENT CORPORATION LIMITED**

### **SIGNIFICANT ACCOUNTING POLICES AND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016**

#### **1) CORPORATE INFORMATION**

Galaxy Entertainment Corporation Limited (referred to as "GECL" or "the Company") was incorporated on August 13, 1981. It operates leisure and entertainment centers across the country.

As at the balance sheet date it has 6 centers offering a variety of facilities such as bowling, pool and video games, restaurant services, bakery, food court, etc.

In addition to gaming and entertainment services the company also deals in trading in fabric.

#### **2) SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Basis for Preparation of Financial Statements**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

##### **b. Use of Estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. The differences between actual and estimates are recognized in the period in which results are crystallized.

##### **c. Fixed Assets**

###### **Tangible Assets**

Tangible assets are stated at cost of net of recoverable taxes, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use.

###### **Intangible Asset**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization and impairment loss, if any.





#### **d. Depreciation / Amortisation**

##### **Tangible**

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. In respect of fixed assets acquired during the year, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives.

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

##### **Intangible**

Intangible assets are amortised over their respective individual estimated useful lives on straight line basis, commencing from the date the asset is available to the company for its use.

#### **e. Capital Work in Progress:**

Expenditure during set-up of a new unit period including development cost incurred on the projects under implementation are treated as pre-operative expenses and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

#### **f. Impairment of Assets**

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

#### **g. Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category-wise. Non Current investments are stated at cost. Provision for diminution in the value of Non Current investments is made only if such a decline is other than temporary.

#### **h. Inventories**

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



## **i. Revenue recognition**

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

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

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

## **J. Retirement and other employee benefits**

1. Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service rendered.
2. Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss.

## **K. Taxes on income**

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

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



## **l. Foreign Currency Transactions**

All transactions in foreign currency are recognized at the prevailing exchange rate on the date of transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates.

Non -monetary foreign currency are carried at cost.

Any Income or expenses on account of exchange differences either on settlement or translation is recognized in the statement of profit and loss.

## **m. Leases**

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

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

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

## **n. Earnings Per Share**

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

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

## **o. Cash and Cash equivalents**

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



**p. Borrowing Costs**

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

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

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



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>3. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
20,000,000 Equity Shares of Rs.10/- each (Previous Year 20,000,000 Equity Shares)	200,000,000	200,000,000
<b>Issued, Subscribed and Paid-up</b>		
15,649,935 Equity Shares of Rs.10/- each fully paid-up (Previous Year 15,649,935 Equity Shares)	156,499,350	156,499,350
<b>Total Issued, Subscribed and Fully Paid-up Share Capital</b>	<b>156,499,350</b>	<b>156,499,350</b>

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

Particulars	As at 31.03.2016		As at 31.03.2015	
	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	15,649,935	156,499,350	15,649,935	156,499,350
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>15,649,935</b>	<b>156,499,350</b>	<b>15,649,935</b>	<b>156,499,350</b>

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

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

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

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Future Retail Ltd.	4,937,935	31.55	4,937,935	31.55
Bellona Hospitality Services Limited	3,686,491	23.56	3,686,491	23.56
Eclipse Trade Pvt. Ltd.	1,029,432	6.58	1,029,432	6.58
Merlin Enclaves pvt. Ltd.	895,626	5.72	895,626	5.72





**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March , 2016**  
**CIN : L51900MH1981PLC024988**

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>4. Reserves &amp; Surplus</b>		
<b>Securities Premium account</b>		
Balance as at the beginning of the year	318,497,460	318,497,460
Add : Addition during the year	-	-
	<u>318,497,460</u>	<u>318,497,460</u>
Less : Deduction during the year	-	-
<b>Balance as at the end of the year</b>	<b>318,497,460</b>	<b>318,497,460</b>
<b>General Reserve</b>		
Balance as at the beginning of the year	18,062,972	18,062,972
Add: Amount transferred from surplus in statement of Profit and Loss	-	-
	<u>18,062,972</u>	<u>18,062,972</u>
Less: Adjustment	-	-
<b>Balance as at the end of the year</b>	<b>18,062,972</b>	<b>18,062,972</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(484,751,862)	(485,841,424)
Profit/(Loss) for the year	(20,225,180)	1,438,603
Less: Appropriations		
Proposed dividend	-	-
Tax on proposed dividend	-	-
Adjustment related to Fixed Assets	-	(349,041)
Transfer to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>(504,977,043)</b>	<b>(484,751,862)</b>
<b>Total Reserves and Surplus</b>	<b>(168,416,611)</b>	<b>(148,191,430)</b>
<b>5. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loan from Banks *	52,752,000	95,252,000
<b>Total</b>	<b>52,752,000</b>	<b>95,252,000</b>
<b>Unsecured</b>		
From other	59,066,174	27,779,074
<b>Total</b>	<b>59,066,174</b>	<b>27,779,074</b>
<b>Total Long Term Borrowings</b>	<b>111,818,174</b>	<b>123,031,074</b>

\* Installments falling due within a year in respect of term loans aggregating ₹ 36,812,500 (Previous Year ₹21,117,293) Have been grouped under : Current Maturities of long term debts (refer note no. 10)

\* Rate of Interest is between 12.25% to 12.50% p.a.

\* Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company , Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoters.



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March , 2016**  
**CIN : L51900MH1981PLC024988**

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>6. Other Long Term Liabilities</b>		
<b>Others</b>		
Payable Towards Capital Goods	79,160,018	74,472,333
<b>Total</b>	<b>79,160,018</b>	<b>74,472,333</b>
<b>7. Long Term Provisions</b>		
Provision for Employee Benefits		
Gratuity	184,187	1,223,681
Leave Encashment	57,079	412,321
<b>Total</b>	<b>241,266</b>	<b>1,636,002</b>
<b>8. Short Term Borrowings</b>		
<b>Secured Loan</b>		
Working Capital Loan Repayable on Demand from Banks*	19,674,564	17,115,087
<b>Total</b>	<b>19,674,564</b>	<b>17,115,087</b>
<b>Unsecured Loan</b>		
From others	4,009,280	(1,344,000)
<b>Total</b>	<b>4,009,280</b>	<b>(1,344,000)</b>
<b>Total Short Term Borrowings</b>	<b>23,683,844</b>	<b>15,771,087</b>
*(Secured against hypothecation charge on entire present and future movable fixed/ current assets of the company , Corporate guarantee by Future Retail Ltd. and personal guarantee of one of the Promoter)		
<b>9. Trade Payables</b>		
Micro, Small & Medium Enterprises (Refer Note No. 40)		
Others	38,883,145	59,564,040
<b>Total</b>	<b>38,883,145</b>	<b>59,564,040</b>
<b>10. Other Current Liabilities</b>		
Current Maturities of Long Term Debts (Refer Note No. 5)	36,812,500	21,117,293
Payable Towards Capital Goods	1,948,386	7,864,593
Salary & Reimbursements Payable	218,737	1,020,051
Advances received from Customers	8,900,000	21,430
Statutory Dues Payable	444,079	316,344
Bank Overdraft	109,703	7,713,019
Security Deposit	20,000	7,013,840
Liabilities for Expenses Payables	588,194	8,946,937
<b>Total</b>	<b>49,041,599</b>	<b>54,013,507</b>
<b>11. Short Term Provisions</b>		
Provision for Employee Benefits		
Gratuity	20,465	135,965
Leave Encashment	19,026	137,441
<b>Total</b>	<b>39,491</b>	<b>273,406</b>



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

**Note No. 12: Tangible Assets**

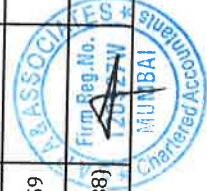
**(Valued at Cost less Depreciation/Impairment)**

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2015	Addition	Deductions / Adjustment	As at 31.03.2016	As at 01.04.2015	Adjustment against Retained Earning	For the Year	Deductions / Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
	(509,111,463)	(102,220,441)	(23,620,472)	(587,711,432)	(311,795,096)	(349,041)	(26,442,494)	(23,571,742)	(315,014,889)	(272,696,544)	-	
Improvements to Licensed Premises	144,058,567	-	-	144,058,567	41,254,691	-	9,526,605	-	50,781,296	93,277,271	102,803,876	
Plant and Machinery	423,812,682	681,463	2,900,181	421,593,964	261,908,951	-	16,061,047	1,571,271	276,398,727	145,195,237	161,903,731	
Furniture and Fixtures	19,188,881	-	-	19,188,881	11,685,476	-	1,017,818	-	12,703,294	6,485,587	7,503,405	
Computers	651,302	-	-	651,302	165,770	-	207,809	-	373,579	277,723	485,532	
<b>SUB TOTAL</b>	<b>587,711,431</b>	<b>681,463</b>	<b>2,900,181</b>	<b>585,492,713</b>	<b>315,014,888</b>	<b>-</b>	<b>26,813,279</b>	<b>1,571,271</b>	<b>340,256,896</b>	<b>245,235,818</b>	<b>272,696,544</b>	
Previous Year	(509,111,463)	(102,220,441)	(23,620,472)	(587,711,432)	(311,795,096)	(349,041)	(26,442,494)	(23,571,742)	(315,014,889)	(272,696,544)	-	

**Note No. 13: Intangible Assets**

**(Valued at Cost less Amortisation/Impairment)**

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2015	Addition	Deductions / Adjustment	As at 31.03.2016	As at 01.04.2015	Adjustment against Retained Earning	For the Year	Deductions / Adjustment	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	
	(42,125,313)	(43,000)	-	(4,212,313)	(4,045,188)	-	(14,788)	-	(4,059,959)	(195,354)	-	
<b>Intangibles</b>												
Trade Mark	43,000	-	-	43,000	3,244	-	4,069	-	7,313	35,687	39,756	
Liquor License Cost	4,212,313	-	-	4,212,313	4,056,715	-	10,719	-	4,067,434	144,879	155,598	
<b>TOTAL</b>	<b>4,255,313</b>	<b>-</b>	<b>-</b>	<b>4,255,313</b>	<b>4,059,959</b>	<b>-</b>	<b>14,788</b>	<b>-</b>	<b>4,074,7-7</b>	<b>180,566</b>	<b>195,354</b>	
Previous Year	(42,125,313)	(43,000)	-	(4,212,313)	(4,045,188)	-	(14,771)	-	(4,059,959)	(195,354)	-	



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

**14. Non Current Investments**

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ Others	No. of Shares		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		(Amount in ₹)	
			As at 31.03.2016	As at 31.03.2015			(8)	(9)	Amount in Rs.	
									As at 31.03.2016	As at 31.03.2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I	<b>Trade Investments</b>									
	Investment in Equity Instruments									
	Rain Fruits & More Pvt. Ltd. ( Equity share of Rs. 10 each)	Subsidiary	NIL	1,252,142	Unquoted	Fully paid	-	72.19	-	35,491,840
	Galaxy Rain Restaurant Pvt. Ltd. ( Equity share of Rs. 10 each)	Subsidiary	NIL	10,000	Unquoted	Fully paid	-	100.00	-	100,000
	<b>Sub Total Non Current Investments</b>									
	Less: Provision for diminution in the value of Investment									35,591,840
	<b>Total Non Current Investments</b>									35,591,840

Particulars	As at	
	31.03.2016	31.03.2015
Aggregate amount of quoted investments (Market value Rs. NIL(Previous year Rs. Nil))	₹	₹
Aggregate amount of Unquoted Investments	-	-
Aggregate Provision for Diminution in Value of Investments	-	35,591,840
	-	35,591,840



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March , 2016**  
**CIN : L51900MH1981PLC024988**

(Amount in ₹)

15. Loans and Advances	Long Term		Short Term	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered Good				
Security Deposits	2,437,330	9,690,395	-	24,400
<b>Total (a)</b>	<b>2,437,330</b>	<b>9,690,395</b>	<b>-</b>	<b>24,400</b>
<b>Loans and Advances to Subsidiaries</b>				
Unsecured, Considered Good	-	-	-	-
Doubtful	-	20,797,703	-	-
Provision for Doubtful Advances	-	20,797,703	-	-
<b>Total (b)</b>	<b>-</b>	<b>20,797,703</b>	<b>-</b>	<b>-</b>
<b>Other Loans and Advances</b>				
<b>Unsecured, Considered Good</b>				
Advance Income Tax / TDS / TCS (Net)	2,572,777	3,896,761	-	-
Advances to Suppliers	-	-	391,307	5,699,514
Advance to Employees for Expenses	-	-	1,314,278	2,686,739
Sales Tax / VAT Receivables (Net)	-	-	1,704,306	2,868,099
Service Tax Receivables (Net)	-	-	451,528	597,303
Entertainment Tax (Paid Under Protest)	1,379,890	1,259,890	-	-
Prepaid Expenses	-	-	189,337	1,769,103
Dues from Others	1,711,923	1,711,923	-	-
<b>Total (c)</b>	<b>5,664,590</b>	<b>6,868,574</b>	<b>4,050,756</b>	<b>13,620,758</b>
<b>Total (a+b+c)</b>	<b>8,101,920</b>	<b>16,558,969</b>	<b>4,050,756</b>	<b>13,645,158</b>

Particulars	As at 31.03.2016	As at 31.03.2015
<b>16. Other Non Current Assets</b>		
Fixed Deposits with Bank (under Lien against Bank Guarantee)	17,691,444	17,809,115
<b>Un-secured, considered good</b>		
Trade Receivables	2,541,651	2,541,651
<b>Total</b>	<b>20,233,095</b>	<b>20,350,766</b>
<b>17. Inventories</b>		
(Value at Cost or NRV, whichever is lower)		
Restaurants supplies and consumables	64,254	2,401,768
Video Games Consumables	54,359	143,121
<b>Total</b>	<b>118,613</b>	<b>2,544,889</b>





**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

Particulars	(Amount in ₹)	
	As at 31.03.2016	As at 31.03.2015
<b>18. Trade Receivables</b>		
Trade Receivables outstanding for a period less than six months from the date they are due for payment:		
(a) Secured, considered good	-	-
(b) Un-secured, considered good	3,199,013	4,994,657
(c) Un-secured, considered doubtful	-	-
	<u>3,199,013</u>	<u>4,994,657</u>
Less: Provision for doubtful debts	-	-
	<u>3,199,013</u>	<u>4,994,657</u>
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment:		
(a) Secured, considered good	-	-
(b) Un-secured, considered good	6,355,303	3,642,385
(c) Un-secured, considered doubtful	-	-
	<u>6,355,303</u>	<u>3,642,385</u>
Less: Provision for doubtful debts	-	-
	<u>6,355,303</u>	<u>3,642,385</u>
<b>Total</b>	<u><u>9,554,316</u></u>	<u><u>8,637,042</u></u>
<b>19. Cash &amp; Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks:		
In Current Accounts	184,226	343,999
Cash on Hand	350,218	691,030
<b>Total</b>	<u><u>534,444</u></u>	<u><u>1,035,029</u></u>
<b>20. Other Current Assets</b>		
Interest Accrued on Fixed Deposits	2,940,749	1,405,617
<b>Total</b>	<u><u>2,940,749</u></u>	<u><u>1,405,617</u></u>



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March , 2016**  
**CIN : L51900MH1981PLC024988**

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
(Amount in ₹)		
<b>21. Revenue From Operation</b>		
<b>Sale of Services</b>		
Games	17,561,409	43,346,703
Restaurants	60,288,713	163,454,528
Sponsorships	-	289,394
<b>Sales of Trade Goods</b>		
Sale of Fabric	347,899,259	101,066,600
Sale of Electric Goods	-	80,302,254
<b>Other Operating Income</b>		
Income from Machine Hire Charges	-	83,332
Business Conducting Income	86,700	13,171,964
Service Charges Received	2,591,637	3,803,006
Scrap Sale	30,673	49,301
<b>Total</b>	<b>428,458,391</b>	<b>405,567,082</b>
<b>22. Other Income</b>		
Interest on Bank Deposits	1,719,348	1,586,316
Interest Income - Others	-	2,390,959
Interest on Income Tax Refund	67,024	-
Profit on Sale of Fixed Assets	272,160	866,004
Net Gain on foreign currency transactions and translation	-	3,425,572
Reversal of Prov. for Dimunation in Inv. in Subsidiaries	35,591,840	-
Sundry Balances Written Back (Net)	28,756,515	40,380,547
Depreciation / Amortisation written back	-	625,268
Acturial Gain on Employee Benefits	1,334,999	-
<b>Total</b>	<b>67,741,886</b>	<b>49,274,665</b>
<b>23. Cost of Materials Consumed</b>		
<b>Purchase of Trade Goods</b>		
Purchase of Fabric	347,000,242	101,017,139
Purchase of Electric Goods	-	79,947,674
<b>Consumption of Restaurant Supply and Gaming Expenses</b>		
Games Expenses	716,794	3,326,800
Wine, Liquor, Beverage, Tobacco & Food Consumables	25,466,515	77,050,637
<b>Total</b>	<b>373,183,551</b>	<b>261,342,250</b>
<b>24. Employee Benefit Expenses</b>		
Salaries, Wages, Bonus and Ex-gratia	18,791,332	30,072,827
Gratuity (Refer Note No. 39)	162,219	1,313,286
Contribution to Provident and other Funds	1,193,659	1,830,989
Staff Welfare Expenses	154,038	1,205,224
<b>Total</b>	<b>20,301,248</b>	<b>34,422,326</b>



**Galaxy Entertainment Corporation Limited**  
**Notes on Financial Statements for the year ended 31st March, 2016**  
**CIN : L51900MH1981PLC024988**

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
(Amount in ₹)		
<b>25. Finance Costs</b>		
Interest on Overdraft	2,365,276	2,152,608
Interest on Term Loan	13,355,339	9,232,959
Interest on others	758,045	22,982
<b>Total</b>	<b>16,478,660</b>	<b>11,408,549</b>
<b>26. Other Expenses :</b>		
Fuel, Power & Light	10,077,687	21,459,659
Repairs & Maintenance		
-Building	121,009	502,045
-Machinery	1,376,735	1,450,349
-Others	1,670,548	6,031,150
Insurance	689,414	1,297,425
Rent	24,575,292	60,449,575
Rates , Taxes & Fees	4,346,116	6,810,340
Travelling and Conveyance Expenses	3,368,128	5,327,185
Professional & Legal Fees	2,064,022	3,097,950
Advertisement and Publicity	86,507	1,147,751
Printing and Stationery	332,495	1,787,914
Communication Expenses	448,068	939,777
Bank Charges	885,377	1,249,351
Security Charges	510,672	1,534,151
Transport Charges	261,337	1,670,931
Postage & Courier Charges	183,523	222,991
Sundry Expenses	423,469	1,837,274
Directors' Sitting Fees	207,039	242,976
Prov. for Dimunation in Inv. in Subsidiaries	-	2,463,370
Net Loss on foreign currency transactions and translation	4,687,685	-
Loss on Disposal of investment in Subsidiaries	22,970,420	-
<b>Auditors' Remuneration</b>		
As Auditor:		
Audit fee	145,000	150,000
Tax Audit fee	60,000	40,000
<b>In other Capacity:</b>		
Limited Review	45,000	45,000
Other Services	67,508	-
Reimbursement of expenses	30,880	15,590
<b>Total</b>	<b>79,633,931</b>	<b>119,772,754</b>



**GALAXY ENTERTAINMENT CORPORATION LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 27: Capital and Other Commitments**

**a) Capital Commitment**

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

**Note 28: Contingent Liabilities not provided for:**

a) In respect of guarantees provided by Company's banker on behalf of the Company of ₹11,138,459 (Previous Year ₹ 11,296,459)

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

<b>Particulars</b>	<b>2015-2016</b> ₹	<b>2014-2015</b> ₹
Entertainment Tax Demand (Karnataka) (Inclusive of Interest & Penalty)	20,04,648	20,04,648
Sales Tax Demand:		
2003-2004 (Maharashtra)	16,68,316	16,68,316
2008-2009 (Maharashtra)	74,92,720	74,92,720
2011-2012 (West Bengal)	81,211	Nil
Income Tax:		
A.Y. 2009-2010	Nil	3,356,688
A.Y. 2012-2013	1339320	Nil
A.Y. 2013-2014	17410	Nil

c) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty, on an undertaking to fulfill export obligation by October 2015 or such other dates as may be permitted by DGFT. Outstanding as at balance sheet date is ₹ 65,396,367 (Previous Year ₹ 66,316,951).



**Note 29: Winding Up Petition**

A winding up petition has been filed by Manjiro Works against the company under Section 433 (e)/434 of the Companies Act, 1956 before the Hon'ble High Court of Bombay.

The company has imported certain gaming machinery from Manjiro Works, Japan in the year 2007. The company made part payments against the delivery of machinery and due to delay in delivery of shipments of machineries and damage of certain parts of machineries, the balance payment were disputed is yet to be admitted.

**Note 30:** The demand notice from Sales Tax Authority (Agra) was challenged by the Company and the same was set aside vide orders dated December 29, 2015 passed by Additional Commissioner Grade II (Appeal), Sales Tax Agra and referred for reassessment.

**Note 31: Going Concern Assumption**

An entity is viewed as continuing in business for the foreseeable future. General purpose financial statements are prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Based on the projections made by the Company considering the new business plans the Company hope to better the financial position in the coming financial years.

**Note 32: Expenditure in Foreign Currency:**

Particulars	2015-2016	2014-2015
	₹	₹
Travel and Boarding Expenses	-	93,891
<b>Total</b>	-	<b>93,891</b>

**Note 33: Segment Reporting**

The Company has identified two reportable segments viz. Restaurants, Gaming & Others and Trading. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments.





Primary Segment Information: Business

(Amount in ₹)

Particulars	Restaurants, Gaming & Others	Trading	Unallocable	Total FY 2015-16	Total FY 2014-15
<b>1. Segment Revenue</b>					
External Sales	80,559,132	347,899,259	-	428,458,391	405,567,002
Other Income	30,091,514	-	37,650,372	67,741,886	49,274,665
<b>Total Revenue</b>	<b>110,650,646</b>	<b>347,899,259</b>	<b>37,650,372</b>	<b>496,200,277</b>	<b>454,841,747</b>
Expense	103,792,826	-	22,970,420	126,763,246	180,652,346
Purchase	26,183,309	347,000,242	-	373,183,551	261,342,250
<b>2. Segment Result</b>					
Operating Profit	(19,325,490)	899,017	14,679,952	(3,746,520)	12,847,152
Finance Expenses	-	-	16,478,660	16,478,660	11,408,549
<b>Profit before tax</b>	<b>(19,325,490)</b>	<b>899,017</b>	<b>(1,798,708)</b>	<b>(20,225,180)</b>	<b>1,438,603</b>
Provision for tax	-	-	-	-	-
<b>Profit after tax</b>	<b>(19,325,490)</b>	<b>899,017</b>	<b>(1,798,708)</b>	<b>(20,225,180)</b>	<b>1,438,603</b>
<b>3. Other information's</b>					
Segment Assets	288,442,181	2,508,096	-	290,950,277	337,069,369
Segment Liabilities	282,738,293	8,211,984	-	290,950,277	337,069,369
Depreciation and Amortisation	26,828,067	-	-	26,828,067	26,457,266
Non cash expenses other than depreciation and amortisation	-	-	-	-	-

**Notes:**

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



**Note 34: Deferred Tax Asset/ (Liability):**

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

**Note 35: Related Party Disclosure**

In accordance with the Accounting Standard 18 on "Related Party Disclosure" notified under the Companies (Accounting Standard) Rules, 2014, as amended, the relevant information for the year ended March 31, 2016 is as under.

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships

Sr. No.	Name of the Related Party	Nature of Relationship
1	Future Retail Limited	Enterprises where control exists through substantial equity interest
2	Rain fruits & More Pvt. Ltd.	Subsidiaries up to 31 <sup>st</sup> March 2016
3	Galaxy Rain Restaurants Pvt. Ltd.	Subsidiaries up to 31 <sup>st</sup> March 2016
4	Vikas Kedia	Key Managerial Personnel

(ii) Transactions during the year with related parties :

(Amount in ₹)					
Sr. No.	Nature of Transaction (Excluding Reimbursements)	Subsidiaries	Enterprises where control exists through substantial equity interest	Key Managerial Personnel	Total
1	Interest Income	(-)	-	-	-
		(23,90,959)	(-)	-	(2390959)
2	Net Loans and Advances Given / (Returned)	35,968	-	-	35,968
		(42,235)	(-)	-	(42,235)
3	Provision for doubtful advances/(Reverse)	-	-	-	-
		(2,463,370)	(-)	-	(2,463,370)
4	Sundry Balances written back	35,968	7,000,000	-	7,035,968
		(-)	(13,999,459)	-	(13999459)
5	Purchases / Material Consumed	-	-	-	-
		(-)	(263,563)	-	(263,563)
5	Rent Expenses	-	-	-	-
		(-)	(5,319,262)	-	(5319262)
6	Electricity Expenses	-	71,577	-	71,577
		(-)	(3,024,676)	-	(3,024,676)
7	Salary to KMP	-	-	6,62,193	6,62,193

Figures in bracket are with respect to previous year.



**Balance as at 31st March, 2016**

(Amount in ₹)

Sr. No.	Particulars	Subsidiaries	Enterprises where control exists through substantial equity interest	Total
(i)	Net Loans and Advances (Given) / Returned	Nil	-	20,797,703
		(20,797,703)	(-)	(20,797,703)
	Provision for doubtful Loans and Advances/(Reverse)	Nil	-	20,797,703
		(20,797,703)	(-)	(20,797,703)
(ii)	Trade Payables*	-	-	-
		-	(7,996,782)	(7996782)
(iii)	Trade Receivables*	-	7,100,000	7,100,000
		-	(-)	(-)

**Note 36: Earnings Per Share - Basic and Diluted:**

Particulars	2015-16 ₹	2014-15 ₹
Net Profit / (Loss) for the year as per Statement of Profit and Loss considered as numerator for calculating earnings per share	(20,225,180)	1,438,603
Weighted average number of equity shares outstanding during the year	15,649,935	15,649,935
Nominal value per share	10	10
<b>Earnings Per Share</b>	<b>(1.29)</b>	<b>0.10</b>

**Note 37: Loans and Advances include amounts due from subsidiaries:**

Name of the Company	Maximum Amount Outstanding during the year (₹)	Balance Outstanding as at March 31, 2016 (₹)
*Rain Fruits & More Private Limited (Up to 31 <sup>st</sup> March 2016)	20,488,012 (20,464,888)	Nil (20,464,888)
*Galaxy Rain Restaurants Private Limited (Up to 31 <sup>st</sup> March 2016)	345,659 (332,815)	Nil (332,815)

\*Ceased to be subsidiary w.e.f. 31<sup>st</sup> March 2016.

Figures in bracket are with respect to previous year.



**Note 38: Employee Benefits:**

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

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

Particulars	Year Ended March 31, 2016 (₹)
Employer's contribution to Provident Fund	6,39,396

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

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

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

Discount Rate (per annum)	8.00%
Rate of increase in compensation levels (per annum)	5.00%
Attrition Rate	1%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate

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

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

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Defined Benefit Obligation as at beginning of the period	13,59,646	5,49,762	548,431	388,021
Interest Cost	1,08,772	43,981	43,874	31,042
Current Service Cost	53,447	37,059	725,362	491,515
Benefits Paid	(67,620)	(4,69,291)	(502,071)	(254,565)
Actuarial gain / (loss) on Obligations	(12,49,593)	(85,406)	544,050	(106,251)
<b>Present Value of Defined Benefit Obligation as at the end of the period</b>	<b>2,04,652</b>	<b>76,105</b>	<b>1,359,646</b>	<b>549,762</b>





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

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Funded Obligation as at end of the period	2,04,652	76,105	1,359,646	549,762
Fair Value of Plan Assets as at end of the period	-	-	-	-
<b>Funded Asset recognized in the Balance Sheet</b>	-	-	-	-
Included in provision (Schedule)	-	-	-	-
Present Value of Unfunded Obligation as at end of the period	-	-	-	-
Unrecognized Actuarial gains/(losses)	-	-	-	-
<b>Unfunded Liability recognized in the Balance Sheet</b>	-	-	-	-
Included in -				
Long Term Provision	1,84,187	57,079	12,23,681	412,321
Short Term Provision	20,465	19,026	135,965	137,441

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

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Present Value of Defined Benefit Obligation as at the end of the period	2,04,652	76,105	1,359,646	549,762
Fair Value of Plan Assets as at end of the period	Nil	Nil	Nil	Nil
<b>Liability / (Net Asset) recognized in the Balance Sheet</b>	<b>2,04,652</b>	<b>76,105</b>	<b>1,359,646</b>	<b>549,762</b>





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

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
	Gratuity (₹)	Leave Encashment (₹)	Gratuity (₹)	Leave Encashment (₹)
Current Service Cost	53,447	37,059	725,362	491,515
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	1,08,772	43,981	43,874	31,042
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailement Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net Actuarial Gain / (Loss) recognized in the period	(12,49,593)	(85,406)	544,050	(106,251)
<b>Total Expenses recognized in the Statement of Profit and Loss</b>	<b>(10,87,374)</b>	<b>(4,366)</b>	<b>1,313,286</b>	<b>416,306</b>

**Note 39:** Based on the available information with the management, the Company does not owe any sum to suppliers who are registered as Micro, Small, Medium Enterprise as at March 31, 2016 in terms of the provisions of "The Micro, Small, Medium Enterprise Development Act, 2006".

**Note 40:** In respect of amounts payable to overseas creditors for import of certain gaming machinery all liability has been provided in the respective year of imports and the management believes no further liability is to be recorded in respect of such imports.

**Note 41:** Balances of Trade Receivable and Payables are subject to confirmations and reconciliation.

**Note 42:** In the opinion of the Board, all assets other than fixed assets and non-current investments have value on realization in the ordinary course of business at least equal to the amount at which they are stated.



**Note 43:**

- i. During the year, the company has sold its entire investments held in its non-operative subsidiaries viz Galaxy Rain Restaurants Private Limited and Rain Fruits & More Private Limited hence the consolidation of accounts are not made.
- ii. The Sale consideration received towards the sale of investments held by the Company in Rain Fruits & More Private Limited was based on fair value derived by an independent Chartered Accountant in practice; vide valuation report dated January 2, 2016, which was less than the cost of acquisition of the said investment.

**Note 44: Prior year comparative:**

The figures for the previous financial year are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current period's classification / disclosure.

As per our report of even date

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

*Alok Bairagra*

**Alok Bairagra**  
Partner  
Membership No. 105153



**For and on behalf of the Board**

*Sunil Biyani*      *Udita Jhunjunwala*  
**Sunil Biyani**      **Udita Jhunjunwala**  
Director              Director  
DIN: 00006583      DIN: 00120951

*Vikas Kedia*

**Vikas Kedia**  
Chief Financial Officer

Place: Mumbai  
Dated: May 19, 2016