

GENERAL INFORMATION OF SUBSIDIARIES

CORPORATE INFORMATION

NAME OF SUBSIDIARIES	VISTA ENTERTAINMENT PRIVATE LIMITED	NIKMO FINANCE PRIVATE LIMITED	GROWEL ENTERTAINMENT PRIVATE LIMITED
BOARD OF DIRECTORS	Mr. Rasesh B. Kanakia Mr. Himanshu B. Kanakia Mr. Pravin Ghatalia	Mr. Rasesh B. Kanakia Mr. Himanshu B. Kanakia	Mr. Rasesh B. Kanakia Mr. Himanshu B. Kanakia
AUDITORS	Dalal & Shah. Chartered Accountants, Mumbai		
BANKERS	HDFC Bank Limited, Canara Bank, Axis Bank.		
REGISTERED OFFICE	805, 8 TH Floor, 349, Business Point, Western Express Highway, Andheri (East), Mumbai :400069. Fax:91-22-26845337	805, 8 TH Floor, 349, Business Point, Western Express Highway, Andheri (East), Mumbai :400069. Fax:91-22-26845337	Growel House, Akurli Road, Kandivali (East) Mumbai.

DIRECTORS' REPORT

To
The Members of

Vista Entertainment Private Limited

Yours Directors have pleasure in presenting the second Annual Report together with the audited accounts of the Company for the year ended March 31st, 2008.

Financial Overview

The financial results for the year ended March 31, 2008 is summarized as follows:

For the Year Ended	Rs. in Millions	
	March 31, 2008	March 31, 2007
Gross Income	257.26	225.52
Profit before Interest, Depreciation and Tax	90.62	80.31
Interest	5.34	6.25
Depreciation	8.72	8.20
Profit/(Loss) before Tax	76.56	65.86
Provision for Tax (including deferred tax)	26.69	23.46
Profit/(Loss) after Tax	49.87	42.40
Balance of Profit/(Loss) brought forward from previous year	36.44	(5.96)
Amount Available for Appropriation	86.08	36.44
Surplus carried to Balance Sheet	86.08	36.44

Review of Financials

During the year under review, the Gross Income Increased by Rs.225.52 Million (2006-07) to Rs. 257.26 Million (2007-08).

Consequently the profit before tax for the year under review was recorded at Rs.76.56 as compared to previous year profit of Rs.65.86 Millions.

Dividend

With a view to conserve your Company's resources, the Directors do not recommend any Dividend (Previous Year: Nil).

Auditors

M/s Dalal & Shah, Chartered Accountant, the Statutory Auditors of your Company, hold office until the conclusion of forthcoming Annual General Meeting.

Statutory Information

There are no employees covered under Section 217(2A) of the Companies Act, 1956, during the year under review.

Directors Responsibility Statement.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the information provided by the management, your Directors state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the loss of the Company for the period ended on that date;
- Proper and sufficient care has been taken 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 frauds and other irregularities;
- The annual accounts of the Company have been prepared on a going concern basis.

Acknowledgement

The Board takes this opportunity to place on record its appreciation of the outstanding performance and dedication of your Company's employees at all levels. The Board also wishes to thank the Banks and Financial Institutions of your Company for the long partnership and support.

For and on behalf of the Board of Directors

Rasesh B. Kanakia
Director

Himanshu B. Kanakia
Director

Place : Mumbai
Date : 29th May, 2008

COMPLIANCE CERTIFICATE

(Pursuant to Section 383A of the Companies Act, 1956)

Name of the Company : **Vista Entertainment Private Limited**
Registration No : **11- 136675**
Authorised Capital : **Rs. 1,10,00,000/-**
Paid up Capital : **Rs.1,01,00,000/-**

To,
The members of
Vista Entertainment Private Limited

I have examined the registers, records, books and papers of **Vista Entertainment Private Limited** as required to be maintained under the Companies Act, 1956, 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, 2008**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I 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 rules made there under and all entries therein have been duly recorded.
- 2 The Company has filed forms and returns as stated in Annexure "B" with Registrar of Companies except Compliance Certificate for the year 31.03.2007 for which details are not available from the company and there were no other forms and returns filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities during the said financial year.
- 3 The Company being the private limited company has the minimum prescribed paid up capital and its maximum number of members during the said financial year were 2 { Two } excluding its present and past employees and the Company during the year under scrutiny.
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.
- 4 The Board of Directors duly met Four times respectively on 10.04.2007 , 31.07.2007, 31.10.2007 & 29.01.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minutes book maintained for the purpose.
- 5 The Company was not required to close its Register of Members or Debenture holders during the financial year.
- 6 The Annual General Meeting for the financial year ended 31.03.2007 was held on 03.09.2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.

- 7 No Extra Ordinary General Meeting was held during the financial year.
- 8 The Company being the private Company, section 295 of the Act is not applicable.
- 9 The Company has not entered into any contracts falling within the purview of section 297 of the Act.
- 10 The Company has made necessary entries in the register maintained 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 certificates during the financial year.
- 13
 - (i) There were no allotment / transfer or transmission during the financial year.
 - (ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) The Company was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) The Company need not required to transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to IEPF as the same were not applicable.
 - (v) duly complied with the requirements of section 217 of the Act.
- 14 The Board of Directors of the Company is duly constituted and the appointment of additional director and regularization of director have been duly made and there were no appointment of alternate directors and the directors to fill casual vacancies during the financial year.
- 15 The company has not appointed any Managing Director/ Whole Time Director / Manager during the financial year.
- 16 The company has not appointed any Sole Selling agents 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 provisions 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 there under.
- 19 The Company has not issued any shares, debentures or other securities during the said financial year.

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|---|---|
| <p>20 The Company has not bought back any shares during the financial year.</p> <p>21 There was no redemption of preference shares or debentures during the financial year.</p> <p>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 shares.</p> <p>23 As per information provided, the Company has not invited / accepted any deposits falling within the purview of section 58A during the financial year.</p> <p>24 The Company being a private company the provisions of section 293 (1) (d) of the act relating to borrowing do not applicable to the company.</p> <p>25 The Company being a private company, the provisions of Section 372A of the Companies Act, 1956 is not applicable.</p> <p>26 The Company has not altered the provisions of the Memorandum with respect to situation of Company's registered office from one state to another during the year under scrutiny.</p> <p>27 The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.</p> | <p>28 The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.</p> <p>29 The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the said financial year.</p> <p>30 The Company has not altered its Articles of Association during the financial year</p> <p>31 There were no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.</p> <p>32 The Company has not received any money as security from its employees during the financial year.</p> <p>33 As per the information and explanation provided by the Company, the provisions of Provident Fund is not applicable.</p> <p>Signature:</p> <p>Rakesh Sanghani
Company Secretary
C.P No.6302
A.C.S No. 17732</p> <p>Place : Mumbai
Date : 29th May, 2008</p> |
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ANNEXURE- A

Registers as maintained by the Company

1. Register of Members u/s 150.
2. Register of Directors, Managing Directors, Manager or Secretary u/s 303
3. Register of Director's Shareholding u/s.307
4. Minutes Books for minutes of meetings of the Board and Shareholders
5. Register of Contracts u/s.301

ANNEXURE- B

Forms and returns filed by the company with the Registrars of Companies during the financial year ending 31st March, 2008.

1. Eform 20B relating to Annual Return till the date of Annual General Meeting i.e. 03.09.2007 was filed on 23.11.2007 bearing Challan No.P13303540.
2. Eform 23AC & ACA relating to Balance Sheet for the financial year ended 31.03.2007 filed on 23.11.2007 bearing Challan No. P13277298.
3. Form 32 for appointment of additional director filed on 07.09.2007 bearing Challan No. A21730288
4. Form 32 for regularization of additional director to director filed on 02.11.2007 bearing Challan No.A25444191
5. DIN – 3 i.e. intimation of Director Identification Number filed on 30.08.2007 bearing Challan No. A21164009

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **VISTA ENTERTAINMENT PRIVATE LIMITED**, as at 31st March 2008 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. 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 misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 (CARO, 2003), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto a Statement on the matters specified in paragraphs 4 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
 - (e) On the basis of the written representations received from the Directors as at 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 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 explanations given to us, the said Financial Statements, read together with 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 the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008,
- (ii) In the case of the Profit and Loss Account, of the Profit 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 and on behalf of

DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451

Place : Mumbai
Date : 29th May, 2008

ANNEXURE TO THE AUDITORS' REPORT:

Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of VISTA ENTERTAINMENT PRIVATE LIMITED on the Accounts for the year ended 31st March, 2008.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

- i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified by the management at reasonable intervals and discrepancies noticed on such verification, though not material, have been properly dealt with in the books of account.
 - (c) The Company has not disposed off any substantial part of fixed assets during the year.
- ii)
 - (a) As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management during the year, and also as at the balance sheet date.
 - (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

- iii) (a) According to the information and explanations given to us, the Company has granted interest-free unsecured loans and advances to a subsidiary company, firm and other party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year, in respect of four parties, aggregated Rs.4,32,51,858 and the year end balance of loans and advances granted to such parties aggregated Rs.3,21,21,066
- (b) In our opinion, other terms and conditions of the loans and advances given by the Company are not, prima facie, prejudicial to the interest of the Company.
- (c) Since there is no stipulation as to the time period for recovery of the principal amount of unsecured loans and advances given, we are unable to comment on the regularity of the same.
- (d) According to the information and explanations given to us, since there are no stipulations for repayment of principal amount, there are no overdue amounts.
- (e) According to the information and explanations given to us, the Company has not any taken interest-free unsecured loans and advances from a subsidiary company and directors covered in the register maintained under Section 301 of the Act.
- (f) In our opinion, and based on information and explanations given to us, the other terms and conditions of the advances availed by the company are not, prima facie, prejudicial to the interests of the Company.
- (g) There is no stipulation as to the time period for repayment of the principal amount of unsecured loans and advances taken.
- iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of fixed assets are of specialized nature in respect of which alternate quotations are not called for, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses.
- v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rs.5,00,000/- in respect of any party during the year, have been made at price which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted deposits from public as per the directive issued by the Reserve Bank of India and the provisions of section 58A, Section 58AA and any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business..
- viii) The Central Government has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Act, for any of the activities of the Company.
- ix) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues (to the extent applicable) with the appropriate authorities during the year and there are no amount outstanding as at the last day for a period of more than six months from the date they became payable.
- (b) As at the Balance Sheet date, there are no disputed dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty & Cess
- x) The Company does not have any accumulated losses as at the year end, and has not incurred any cash losses during the financial year and the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company has not taken any loan from financial institutions and debenture holders.
- xii) 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.
- xiii) In our opinion, and according to the information and explanations given to us, term loans availed during the year by the Company were, prima facie, applied for the purposes for which they were obtained.
- xiv) In our opinion, and on the basis of overall examination of the balance sheet of the company and according to the information and explanations given to us, the Company has not, prima facie, used the funds borrowed on short term basis during the year for long term investments.
- xv) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.
- In view of the nature of the business carried on by the company clause no (xiii) of CARO, 2003 is not applicable to the company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (xii), (xiv), (xviii), (xix) and (xx) the said clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451
Place : Mumbai
Date : 29th May, 2008

Balance Sheet as at March 31, 2008

	Schedule	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
Sources of Funds			
Shareholders' Funds			
Share Capital	1	10,100,000	10,100,000
Reserves and Surplus	2	86,080,374	36,437,626
		<u>96,180,374</u>	<u>46,537,626</u>
Loan Funds			
Secured Loans	3	32,210,505	47,898,149
Unsecured Loans	4	-	15,000
Deferred Tax Liability (Net) (Refer to Note 8 to Schedule 19)		3,893,626	3,486,098
Total		<u>132,284,505</u>	<u>97,936,873</u>
Application of Funds			
Fixed Assets			
Gross block	5	106,141,781	104,286,869
Less: Depreciation		21,881,999	13,210,945
		<u>84,259,782</u>	<u>91,075,924</u>
Current Assets, Loans and Advances			
Inventories	6	377,514	374,130
Sundry Debtors	7	5,088,178	6,208,833
Cash and Bank Balances	8	4,635,454	1,728,232
Loans and advances	9	61,490,218	33,811,987
		<u>71,591,364</u>	<u>42,123,182</u>
Less: Current Liabilities and Provisions			
Current Liabilities	10	10,827,261	14,928,040
Provisions	11	12,817,410	20,451,239
		<u>23,644,671</u>	<u>35,379,279</u>
Net Current Assets		<u>47,946,693</u>	<u>6,743,903</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	78,030	117,046
Total		<u>132,284,505</u>	<u>97,936,873</u>
Notes to and forming part of the financial statements	19		

As per our report of even date attached

For and on behalf of

Dalal & Shah
Chartered Accountants

Anish Amin
Partner
Membership No.40451

Place : Mumbai
Date : 29th May, 2008

For and on behalf of the Board

Rasesh B. Kanakia
Director

Place : Mumbai
Date : 29th May, 2008

Himanshu B. Kanakia
Director

Pravin Ghatalia
Director

Profit and Loss Account for the year ended March 31, 2008

	Schedule	For the Year Ended March 31, 2008 Rs.	For the Year Ended March 31, 2007 Rs.
Income			
Operating Income	13	253,712,511	224,447,147
Other Income	14	3,549,195	1,075,122
Total		257,261,706	225,522,269
Expenditure			
Operating Expenses	15	114,938,217	104,667,689
Employees Remuneration & Benefits	16	7,271,946	6,467,486
Administrative, Advertising and Marketing	17	44,432,294	34,077,323
Total		166,642,457	145,212,498
Profit for the year before interest & depreciation.		90,619,249	80,309,771
Interest	18	5,335,308	6,247,309
Depreciation		8,721,783	8,204,894
Total		14,057,091	14,452,203
Profit for the year before taxes		76,562,158	65,857,568
Less : Provision for Taxation			
- Current Tax		26,190,967	17,000,000
- Deferred Tax Assets Written Off		-	2,917,353
- Deferred Tax Charge		407,529	3,486,098
- Fringe Benefit Tax		95,457	52,342
Profit for the year after taxes		49,868,205	42,401,775
Less : Prior Period Expenses		225,457	-
Profit for the year		49,642,748	-
Add: Profit brought forward from previous year		36,437,626	(5,964,149)
Balance carried to the Balance Sheet		86,080,374	36,437,626
Basic and Diluted Earnings Per Share of face value of Rs.10 each (Refer Note 4 to Schedule 19)			
- Before extra ordinary items		492.99	419.82
- After extra ordinary items		493.74	419.82
Notes forming part of the accounts	19		

As per our report of even date attached

For and on behalf of

Dalal & Shah
Chartered Accountants

Anish Amin
Partner
Membership No.40451

Place : Mumbai
Date : 29th May, 2008

For and on behalf of the Board

Rasesh B. Kanakia
Director

Place : Mumbai
Date : 29th May, 2008

Himanshu B. Kanakia
Director

Pravin Ghatalia
Director

Cash Flow Statement for the year ended March 31, 2008

	For the year ended March 31, 2008 Rs.	For the year ended March 31, 2007 Rs.
Cash Flow from Operating Activities		
Profit for the year before taxation and after Prior Period Expenses	76,336,701	65,857,568
Adjustments for :		
Depreciation	8,721,783	8,204,894
Interest	5,335,308	6,247,309
Miscellaneous expenditure to the extent written off	39,016	39,015
Operating Profit before working capital changes	<u>90,432,808</u>	<u>80,348,786</u>
Adjustments for :		
Increase /(Decrease) in working capital		
Sundry debtors	1,120,655	(4,737,531)
Loans & Advances	8,781,209	(7,906,540)
Inventories	(3,384)	(2,057)
Current Liabilities and provisions	(38,021,032)	2,968,050
Net Changes in working capital	<u>(28,122,552)</u>	<u>(9,678,078)</u>
Direct tax paid	(36,459,441)	(3,028,402)
Net Cash generated from /(used in) operation	<u>25,850,815</u>	<u>67,642,306</u>
Cash flow from Investing Activities		
Sale / (Purchases) of fixed assets	(1,905,641)	(5,767,510)
Net Cash generated from/(used in) investing activities	<u>(1,905,641)</u>	<u>(5,767,510)</u>
Cash flow from financing activities		
Interest paid	(5,335,308)	(6,247,309)
Term loans from bank taken/(repaid)	(15,687,644)	(14,730,079)
Unsecured loan taken/(repaid)	(15,000)	(39,842,056)
Net Cash generated from/(used in) financing activities	<u>(21,037,952)</u>	<u>(60,819,444)</u>
Net Increase/(decrease) in cash and cash equivalents	2,907,222	1,055,352
Cash and cash equivalents at the beginning of the year	1,728,232	672,880
Cash and cash equivalents at the end of the year (Refer Note 1 below)	4,635,454	1,728,232
Net Increase/(Decrease) as disclosed above	2,907,222	1,055,352

Notes:

- Cash and cash equivalents as at year end includes Rs.21,37,004/- on account of fixed deposit
- The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, Cash Flow Statement issued by the Institute of Chartered Accountants of India

As per our report of even date attached

For and on behalf of

Dalal & Shah
Chartered Accountants

Anish Amin
Partner

Membership No.40451

Place : Mumbai
Date : 29th May, 2008

For and on behalf of the Board

Rasesh B. Kanakia
Director

Place : Mumbai
Date : 29th May, 2008

Himanshu B. Kanakia
Director

Pravin Ghatalia
Director

Schedules Forming Part of Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised Share Capital :		
110,000 Equity shares of Rs. 10/- each	11,000,000	11,000,000
	<u>11,000,000</u>	<u>11,000,000</u>
Issued, Subscribed and Paid up Share Capital :		
Equity Shares		
101,000 Equity shares of Rs. 100/- each fully paid-up	10,100,000	10,100,000
Total	<u>10,100,000</u>	<u>10,100,000</u>
SCHEDULE 2: RESERVES AND SURPLUS		
Profit and Loss Account		
Balance carried forward	86,080,374	36,437,626
Total	<u>86,080,374</u>	<u>36,437,626</u>
SCHEDULE 3: SECURED LOANS		
From Banks		
(Refer Note 2 to schedule 19)		
Term Loan:		
From Bank	32,210,505	47,898,149
[Amount repayable within one year Rs.20,941,308 (previous year Rs.21,022,952)]		
Total	<u>32,210,505</u>	<u>47,898,149</u>
SCHEDULE 4: UNSECURED LOANS		
Short term loans		
From Others	-	15,000
Total	<u>-</u>	<u>15,000</u>

Schedules Forming Part of Balance Sheet as at March 31, 2008

SCHEDULE 5 : FIXED ASSETS (At Cost)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Addition during the period	Deletion/ Adjustment	As at 31.03.2008	Upto 31.03.2007	During the year	Deletion/ Adjustment	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Computers	3,635,376	146,130	-	3,781,506	914,512	597,705	-	1,512,217	2,269,289	2,720,864
Furniture, Fixture & Office Equipment	25,806,058	905,969	-	26,712,027	2,779,656	1,839,589	-	4,619,245	22,092,782	23,026,402
Plant & Machinery	1,273,930	680,959	-	1,954,889	103,753	70,402	-	174,155	1,780,734	1,170,177
Leasehold Improvements	73,571,505	417,523	-295,669	73,693,359	9,413,024	6,214,087	50,729	15,576,382	58,116,977	64,158,481
Total Rs.	104,286,869	2,150,581	-295,669	106,141,781	13,210,945	8,721,783	50,729	21,881,999	84,259,782	91,075,924
Previous Year	98,519,359	5,767,510	-	104,286,869	5,006,051	8,204,894	-	13,210,945	91,075,924	91,877,491

Schedules Forming Part of Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 6: INVENTORIES		
(At lower of cost or net realisable value)		
Finished goods		
Food and Beverages	377,514	374,130
Total	377,514	374,130
SCHEDULE 7: SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	3,027,538	896,834
Other Debts	2,060,640	5,311,999
Total	5,088,178	6,208,833
SCHEDULE 8: CASH & BANK BALANCES		
Cash in hand	549,302	1,265,490
<u>Balances with Scheduled banks</u>		
- in Current Accounts	1,949,148	462,742
- in Fixed Deposit Accounts	2,137,004	-
Total	4,635,454	1,728,232
SCHEDULE 9: LOANS AND ADVANCES		
(Unsecured, considered Good)		
Advance to Subsidiaries	32,197,923	7,233,241
Advances to Creditors	1,402,894	-
Advances recoverable in cash or in kind, or for value to be received	1,725,531	5,391,088
Deposits	22,026,150	21,170,000
Other Taxes (Include Fringe Benefit Tax Advance payment of Rs.20,000 previous year Rs.70,000) and Provision for Rs.89,164 previous year Rs.52,342)	4,137,720	17,658
Total	61,490,218	33,811,987
SCHEDULE 10: CURRENT LIABILITIES		
Sundry Creditors		
Due from Micro, Small and Medium enterprises	-	-
Due from Other Enterprises	8,181,215	2,063,546
Advance from Customers	57,522	-
Duties & Taxes	1,098,968	1,954,235
Other Liabilities	1,241,526	7,379,567
Temporary overdrafts as per Books of Accounts only	164,698	3,447,360
Deposit Received	83,332	83,332
Total	10,827,261	14,928,040

Schedules Forming Part of Balance Sheet as at March 31, 2008

	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
SCHEDULE 11: PROVISIONS		
Provision for Gratuity	133,473	138,450
Provision for Leave Encashment	118,638	60,314
Provision for Taxation, Net of Advance Tax of Rs.39,271,628 (previous year Rs.2,833,277)	3,919,339	14,166,723
Provision for Expenses	8,645,960	6,085,752
Total	12,817,410	20,451,239
SCHEDULE 12: MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Opening Balance	117,046	156,061
Less : Written off during the year	39,016	39,015
Total	78,030	117,046

Schedules Forming Part of Profit and Loss Account for the year ended March 31, 2008

	For the Year Ended March 31, 2008 Rs.	For the Year Ended March 31, 2007 Rs.
SCHEDULE 13: OPERATING INCOME		
<u>Income from Theatre</u>		
Sale of tickets	195,861,170	174,594,486
Less:Entertainment Tax	69,813	2,499,117
	195,791,357	172,095,369
Income from advertisements exhibited	17,654,692	13,438,656
Sale of Food and Beverages	40,141,972	38,913,122
Gaming Income	124,490	-
Total	253,712,511	224,447,147
SCHEDULE 14: OTHER INCOME		
Interest on fixed deposits [TDS Rs.35,545 (previous year Rs.Nil)]	172,549	48,759
Miscellaneous Income	1,201,908	500,261
Rental Income	230,664	195,500
Sundry Balance Written Back	1,944,074	330,602
Total	3,549,195	1,075,122

Schedules Forming Part of Profit and Loss Account for the year ended March 31, 2008

	For the Year Ended March 31, 2008 Rs.	For the Year Ended March 31, 2007 Rs.
SCHEDULE 15: OPERATING EXPENSES		
Distributors' share	55,000,838	50,596,810
Power and Fuel	18,421,870	10,673,697
Rental Expenses	28,230,000	28,230,000
Food and beverages consumed		
Opening stock	374,130	372,073
Add: Purchases	11,251,109	13,977,861
Less: Closing stock	(377,514)	(374,130)
	11,247,725	13,975,804
Other Operating Expenses	2,037,784	1,191,378
Total	114,938,217	104,667,689
SCHEDULE 16: EMPLOYEES REMUNERATION & BENEFITS		
Salaries, Wages and Bonus	6,309,661	5,552,587
Company's contribution to Provident and Other Funds	661,878	560,769
Staff Welfare	215,133	354,130
Provision for Gratuity	85,274	-
Total	7,271,946	6,467,486
SCHEDULE 17: ADMINISTRATIVE, ADVERTISING AND MARKETING		
Auditor's Remuneration	90,000	75,000
Directors' Sitting Fees	24,150	-
Insurance Expenses	311,645	432,185
Legal & Professional Fees	965,425	1,217,141
Printing & Stationery Expenses	618,878	1,196,417
Security Charges	1,528,515	1,740,469
Bank Charges	113,067	491,830
Commission & Brokerage Paid	8,182	9,382
Miscellaneous Expenses	975,535	755,972
Preliminary Expenses Written Off	39,016	39,015
Postage, Courier and Telephone Expenses	759,260	881,860
Rates & Taxes	5,590,726	6,193,959
Repairs and Maintenance to :		
- Plant & Machinery	1,423,743	2,627,954
- Building	2,320,311	2,471,424
- Common Area Maintenance	2,665,560	2,400,000
- Others	1,513,241	
	7,922,855	140,049
Advertsing & Publicity	4,308,999	5,843,929
Marketing & Sales Promotion Expenses	9,877,390	6,136,190
Royalty	9,795,353	-
Discount on Sales	1,235,714	1,249,003
Travelling and Conveyance	267,584	175,544
Total	44,432,294	34,077,323
SCHEDULE 18: INTEREST		
Interest:		
On Bank loan/Fixed Loan	5,273,790	6,247,309
On Delayed Payment of Statutory dues	61,518	-
Total	5,335,308	6,247,309

Schedules Annexed to and forming part of the Financial Statements for the year ended March 31, 2008

SCHEDULE 19

NOTES TO ACCOUNTS

1) Significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles followed in India under the historical cost convention and accrual basis of accounting and in accordance with the Companies Act, 1956 ('The Act') to the extent applicable and comply with the notified accounting standards issued by Companies Accounting Standard Rules, 2006 (to the extent applicable) and current practices prevailing in the industry.

b. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

Change in accounting estimates in respect of adoption of Accounting Standard-AS 15 – Employee Benefits

The Company has, during the year, complied with the revisions to the Accounting Standard on "Employee Benefits" AS-15, which are mandatory from accounting periods commencing after 7th December 2006. Accordingly, the Company's gratuity as well as leave encashment actuarial liability as at the commencement of the year was recomputed, adopting the "projected unit credit method" mandated by the standard, by an actuary appointed for the purpose. As a consequence, the opening accrued liability, also determined by an appointed actuary, resulted in a decrease by Rs 28,594 which as per the revised accounting standard, has been adjusted towards current years expenses in the respective account.

c. Fixed assets and Depreciation

a) Fixed assets, both tangible are stated at cost of acquisition/construction. Cost includes taxes, duties, freight and other incidental expenses related to acquisition/construction. Interest on borrowings to finance acquisition of fixed assets during construction period is capitalized.

b) Leasehold improvements represent expenses incurred towards civil work, interior furnishings, etc .on the leased premises.

c) Depreciation on Fixed assets is provided on the straight-line method at the rates specified under Schedule XIV of the Companies Act, 1956, except for furniture, fixtures and electrical fittings on a leasehold premise, which are depreciated over the unexpired primary period of lease.

d) Individual items of Fixed Assets added during the year costing up to Rs.5,000 each are fully depreciated in the year of acquisition.

d. Inventories

a) Stocks of foods and beverages are valued at the lower of cost or net realizable value arrived on first-in-first out basis.

e. Revenue recognition

a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Amount of Value added tax and service tax collected on generating operating revenue have reduced from the operating revenue.

b) Revenue from sale of tickets of films is recognised as and when the film is exhibited.

c) Revenue from sale of food and beverages is recognised delivery to customers and is net of refund, discounts and complimentary.

d) Advertisement revenue is recognised as and when advertisements are displayed at the cinema hall and are net of service tax and advertisement tax.

e) Interest revenue is recognised on a time basis, taking into account the amount outstanding and the rates applicable.

f) Revenue from rent is recognized based upon the agreement, for the period the property has been let out.

f. Borrowing Costs

Borrowing costs incurred on constructing or acquiring a qualifying asset (including real estate projects) are capitalized as cost of that asset/projects until it is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue and recognized as an expense in the Profit and Loss account

g. Retirement benefits

Contribution to defined contribution schemes such as provident fund is charged to profit and loss account as incurred.

NOTES TO ACCOUNTS (Contd....)

The provisions for present liability of future payments of gratuity, which is a defined benefit plan and compensated absences, a long term employee benefit, have been made on the basis of actuarial valuations in terms of and in accordance with the provisions of Accounting Standard -15 (Revised) –"Employee Benefits".

h. Miscellaneous expenditure

Preliminary expenses incurred are written off to the Profit and Loss Account in five equal installments commencing from the year in which they were first incurred.

i. Taxes on income:-

Current Tax:

Current tax are computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961 in consultation with its tax representatives.

Deferred Tax:

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j. Service Tax

Service tax collected is considered as a liability against which service tax paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advances and other Assets" for adjustments in subsequent periods.

k. Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 1st April 2001 are accounted in accordance with Accounting Standard 19 on Leases, issued by The Institute of Chartered Accountants of India (ICAI). Lease payments are apportioned between finance charges and reduction of outstanding liabilities.

l. 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 their 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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Term loan taken from Canara Bank is secured against :

- a) Hypothecation of theatre Equipments, Plants Machinery, Furniture ,Fixtures & Interiors installed at multiplex theatre.
- b) First charge over the Office Premises at 502 , business Point ,5th floor ,W.E. Highway, Andheri (E) ,Mumbai 400069 owned by M/s. Kanakia Spaces Pvt Ltd., an entity under common control or significant influence .
- c) Personal Guarantee of Directors of Company.
- d) Joint Corporate Guarantee given by M/s. Kanakia Spaces Pvt Ltd., an entity under common control or significant influence & Cinemax India Limited, 100 % holding company.

3. Contingent Liability:

- A] Bank guarantees amounting to Rs.636,374 (previous year Rs.636,374).
- B] The Company has availed entertainment tax concessions aggregating to Rs.111,552,885 (Previous year Rs.50,706,642) in respect of multiplexes in certain locations, on the condition that the Company has to operate such multiplexes for 10 years. Failure to operate the relevant multiplexes for the required period would oblige the Company to pay the said liability together with interest and penalties as applicable. At present, the management does not foresee such eventuality

4. Earnings per Share:

The basic earnings per share is computed by dividing the net profit in the Profit and Loss account attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

NOTES TO ACCOUNTS (Contd....)

Amount in Rupees

	Year ended March 31, 2008	Year ended March 31, 2007
Net profit after tax and before extraordinary items	49,792,316	42,401,778
Net Profit after tax and after extraordinary items	49,642,748	42,401,778
Number of shares	1,01,000	1,01,000
Earning per share – Basic and Diluted		
- Before extraordinary items	492.99	419.82
- After extraordinary items	491.51	419.82
Face value per share	100	100

5. Auditors Remuneration :

As Audit fees	90,000	50,000
As Tax Audit fees	-	25,000
Total	90,000	75,000

6. I. Statement of Sales

Sr. No.	Particulars	Unit	Quantity	Value (Rs.)
1	Food items			
	- Non Packaged food	Pcs	1,415,289	19,528,003
	- Packaged food	Pkts	101,386	3,290,628
2	Beverages			
	- Non Bottled	Pcs	196,252	7,467,304
	- Bottled	Pcs	91,125	3,195,361
3	Others	Pcs	215,213	10,423,263
	Total			43,904,559

II. Statement of Purchases

Sr. No.	Particulars	Unit	Quantity	Value (Rs.)
1	Food items			
	- Non Packaged food	Pcs	1,408,997	8,557,989
	- Packaged food	Pkts	101,386	790,811
2	Beverages			
	- Non Bottled			216,022
	- Bottled	Pcs		880,880
3	Others			1,517,680
	Total			11,970,862

III. Statement of Closing Stock

Sr. No.	Particulars	Unit	Quantity	Value (Rs.)
1	Food items			
	- Non Packaged Food	Pcs	61,744	187,320
2	Beverages			
	- Non Bottled		14,170	71,208
	- Bottled	Pcs	2,404	43,684
3	Others			75,301
	Total			377,513

NOTES TO ACCOUNTS (Contd....)

IV. Statement of Consumption

Sr. No.	Particulars	Unit	Quantity	Value(Rs.)
1	Food items			
	- Non Packaged Food	Pcs	1,438,806	85,70,064
	- Packaged Food	Pkts	101,386	790,811
2	Beverages			
	- Non Bottled			209,009
	- Bottled	Pcs	91,125	905,387
3	Others			1,492,209
	Total			11,967,480

Notes:

- Sales value herein above is inclusive of Value Added Tax ('VAT') of Rs.4,299,618
- Value of purchases herein above is inclusive of VAT of Rs.719,754
- Value of consumption herein above is inclusive of VAT of Rs.719,755
- Consumption stated is net of excess/shortages, if any, adjusted thereto
- Details of opening stock as well as that of previous year figures are not available.

7. Disclosure of Related Party under Accounting Standard 18:

In accordance with the requirements of Accounting Standard 18 i. e. 'Related party Disclosures' issued by the Institute of Chartered Accountants of India, the details of related party transactions' are given below:

a) List of related parties:

Nature of relationship	Name of related parties
Holding Company	1. Cinemax India Ltd.
Fellow subsidiary	2. Nikmo Finance Pvt Ltd
Entities under common control or significant influence	1. Kanakia Spaces Pvt. Ltd.
	2. Kanakia Finance And Investments Private Limited
	3. Kanakia Housing Private Limited
	4. Kanakia Gruhnirman Private Limited
	5. Vrusti Builders Private Limited
	6. Kanakia Hospitality Private Limited
	7. Kanakia Management Services
	8. Supreme Real Estate Developers Private Limited
	9. Kanakia Medical Services Private Limited.
	10. Centaur Mercantile Pvt Ltd.
	11. Ashish Land & Property Developers Pvt Ltd.
	12. Kanakia Hotels & Resorts Pvt Ltd.
	13. Evergreen Financial Services.
	14. R & H Amusements & Games Private Limited
	15. Cine Café Services.
	16. Niyati Real Estate Developers Private Limited.
	17. Vrusti Real Estate Developers Private Limited
	18. Vrutant Real Estate Developers Private Limited.
	19. Dynasty Homemakers Private Limited
Beneficial Trust	1. Babubhai Kanakia Foundation
	2. Triveni Madhavji Chatrabhuj Kanakia Charitable Trust
	3. Vrusti Benefit Trust
	4. Ashish Benefit Trust
	5. Niyati Benefit Trust
	6. Vrutant Benefit Trust

NOTES TO ACCOUNTS (Contd....)

Key Management Personnel	1. Mr. Rasesh B Kanakia
	2. Mr. Himanshu B Kanakia
	3. Mrs. Hiral H.Kanakia
Relatives of Key Management personnel	1. Mrs. Rupal Kanakia
	2. Mrs Hiral H.Kanakia
	3. Mrs. Manisha Vora
	4. Late Mr. Babubhai Kanakia (Through Legal heir)

(b) Transactions with related parties:

Nature of Transaction	Holding Company	Fellow Subsidiaries	Entities under common control or significant Influence	Amount in Rupees	
				Key management personnel	Relatives of key management personnel
Advances given/ payment made (Interest free)					
Nikmo Finance Pvt. Ltd.	- (-)	20,059,251 (20,485,500)	- (-)	- (-)	- (-)
Cinemax India Limited	488,70,000 (6,1192,093)	- (-)	- (-)	- (-)	- (-)
Mr. Himanshu B Kanakia	- (-)	- (-)	- (-)	- (716,000)	- (-)
Mr. Rasesh B Kanakia	- (-)	- (-)	- (-)	- (16,50,000)	- (-)
Mr. Babubhai M. Kanakia (Through Legal hier)					15,000 (80,000)
Mrs. Hiral H. Kanakia	- (-)	- (-)	- (-)	- (-)	31,500 (-)
Evergreen financial Services	- (-)	- (-)	- (900,000)	- (-)	- (-)
Advances received/ payment received (Interest free)					
				- (-)	- (-)
Nikmo Finance Pvt Ltd	- (-)	14,925,000 (14,168,912)	- (-)	- (-)	- (-)
Cinemax India Limited.	29,229,200 (20,650,562)	- (-)	- (-)	- (-)	- (-)
Evergreen Financial Services	- (-)	- (-)	- (485,000)	- (-)	- (-)
Mr.Rasesh B Kanakia	- (-)	- (-)	- (-)	- (1,561,000)	- (-)
Mr. Himanshu B Kanakia	- (-)	- (-)	- (-)	- (520,000)	- (-)
Expenses incurred and Recovered					
					- (-)
Cinemax India Limited	413,970 (160,041)	- (-)	- (-)	- (-)	- (-)
Nikmo Finance Pvt. Ltd.	- (-)	882,589 (-)	- (-)	- (-)	- (-)

NOTES TO ACCOUNTS (Contd....)

Amount Paid on her behalf

Mrs.Hiral H.Kanakia	-	-	-	-	154,311
	(-)	(-)	(-)	(-)	(-)
Expenses reimbursed					-
					(-)
Nikmo Finance Pvt. Ltd.		74,925	-	-	-
		(-)	(-)	(-)	(-)
Cinemax India Limited	1,036,204	-	-	-	-
	(291,023)	(-)	(-)	(-)	(-)
Royalty paid					-
					(-)
Cinemax India Limited	9,795,353	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Balances outstanding as on March 31 , 2008					
Debit Balance					-
					(-)
Cinemax India Limited	20,829,310	-	-	-	-
	(2,486,653)	(-)	(-)	(-)	(-)
Nikmo finance Pvt Ltd		10,688,503			-
		(47,466,88)			(-)
Evergreen Financial Services	-	-	448,942	-	-
	(-)	(-)	(448,942)	(-)	(-)
Hiral H.Kanakia	-	-	-	-	154,311
	(-)	(-)	(-)	(-)	(-)

(Figures in brackets are that of previous year)

Advance to holding includes amount recoverable from Cinemax India Limited. Rs. 20,829,310(Previous year Rs. 2,486,653), Nikmo Finance Pvt Ltd Rs.10,688,503 (Previous year Rs.47, 46,588) Evergreen Financial Services Rs. 448,942 (previous year Rs.448,942)(Companies under the same management within the meaning of the Section 370(IB) of the Companies Act. The maximum balance outstanding during the year in respect of these company is : Cinemax India Limited Rs.31,960,102 (Previous year Rs.41,410,531), Nikmo Finance Pvt Ltd. Rs.106,88,503 (previous year Rs.92,09,500) Evergreen Finance Services Rs.448,942 (previous year Rs.448,942)

8. The break-up of net deferred tax for the year ended March 31, 2008 is as under:

Particulars	Amount in Rupees	
	As at March 31, 2008	As at March 31, 2007
Deferred tax liabilities on account of timing differences in:		
- Book and tax depreciation	3,893,626	3,486,098
Total deferred tax liability (A)	3,893,626	3,486,098
Less : Deferred tax assets on account of timing differences in:		
- Expenditure disallowed	-	-
Total deferred tax assets (B)	-	-
Deferred tax liability (net) (A) – (B)	3,893,626	3,486,098
Less : Last year Deferred Tax Liability/(Asset)	3,486,098	(2,917,353)
Deferred tax charge/Income	407,529	6,403,451

NOTES TO ACCOUNTS (Contd....)

9. Leases

The future minimum lease payments in respect of non-cancellable operating lease for 10 Years as at

31st March 2008 for agreement entered into as follows

Amount in Rupees

	2007-08	2006-07
Lease rental payment for the year	28,230,000	2,82,30,000
Future minimum lease rental payment payable		
- not later than one year	31,053,000	28,230,000
- later than one year but not later than five years	137,974,125	131,692,950
- later than five year	178,700,080	216,034,255
Total	3,47,727,205	3,75,957,205

Amount charged to revenue accounts for lease is Rupees 28,230,000 (Previous year Rs.28,230 000).

There are no transactions in the nature of sub leases.

The period of agreement is generally for twelve years and renewable thereafter at the option of the lessee.

10. A. Gratuity benefit plans: (AS 15 120(b))

The Company has a defined benefit gratuity plan. Every employee gets a gratuity on Departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

I. Assumption	For the Year
Discount Rate Prev.	8.00%
Salary Escalation Prev	6.00%
Discount Rate Current	8.00%
Salary Escalation Current	6.00%
II. Table Showing Change in Benefit Obligation	For the Year
Liability At the beginning of the year	60,314
Interest Cost	12,424
Current Service Cost	94,987
Past Service Cost (Non Vested Benefit)	Nil
Past Service Cost (Vested Benefit)	Nil
Liability Transfer in	Nil
Liability Transfer Out	Nil
Benefit Paid	Nil
Acturial (Gain)/Loss on Obligation	(34,252)
Liability at the End of the Year	1,33,473
III. Recognition of Transitional Liability	For the Year
Transition Liability at Start	Nil
Transition Liability Recognised during Year	Nil
Transition Liability at End	Nil

IV. Amount Recognised in the Balance Sheet	For the Year
Liability At the end of the year	1,33,473
Fair Value of Plan Assets at the end of the year	Nil
Difference	(1,33,473)
Unrecognised Past Service Cost	Nil
Unrecognised Transition Liability	Nil
Amount Recognised in the Balance Sheet	(1,33,473)
V. Expenses Recognised in the Income Statement	For the Year
Current Service Cost	94,987
Interest Cost	12,424
Expected Return on Plan Assets	Nil
Past Service Cost (Non Vested Benefit) Recognised	Nil
Past Service Cost (Vested Benefit) Recognised	Nil
Recognition of Transition Liability	Nil
Acturial Gain or Loss	(34,252)
Expense Recognised in P&L	73,159
VI. Balance Sheet Reconciliation	For the Year
Opening Net Liability	60,314
Expense as Above	73,159
Employers Contribution	Nil
Amount Recognition in Balance Sheet	1,33,473

NOTES TO ACCOUNTS (Contd....)

VII. Other Detail	For the Year
Gratuity is payable at the rate of 15 days salary for each year of service subject to maximum of Rs.3,50,000/-	
Salary escalation is considered as advised by the company which is line with the industry Practice considering promotion and demand and supply of the employees	
No .of members	92
Salary p.m.	3,14,600
Contribution for next year	Nil

10 B Compensated Absences plans: (AS 15 120(b))

The Company has a defined plan for compensated absences for its employees.

The following tables summaries the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

I. Assumption	For the Year
Discount Rate Prev.	8.00%
Salary Escalation Prev	6.00%
Discount Rate Current	8.00%
Salary Escalation Current	6.00%

II. Table Showing Change in Benefit Obligation	For the Year
Liability At the beginning of the year	1,09,496
Interest Cost	13,378
Current Service Cost	58,934
Past Service Cost (Non Vested Benefit)	Nil
Past Service Cost (Vested Benefit)	Nil
Liability Transfer in	Nil
Liability Transfer Out	Nil
Benefit Paid	(2,400)
Acturial (Gain)/Loss on Obligation	(60,770)
Liability at the End of the Year	1,18,638

III. Recognition of Transitional Liability	For the Year
Transition Liability at Start	Nil
Transition Liability Recognised during Year	Nil
Transition Liability at End	Nil

IV. Amount Recognised in the Balance Sheet	For the Year
Liability at the end of the year	1,18,638
Fair Value of Plan Assets at the end of the year	Nil
Difference	(1,18,638)
Unrecognised Past Service Cost	Nil
Unrecognised Transition Liability	Nil
Amount Recognised in the Balance Sheet	(1,18,638)

V. Expenses Recognised in the Income Statement	For the Year
Current Service Cost	58,934
Interest Cost	13,378
Expected Return on Plan Assets	Nil
Past Service Cost (Non Vested Benefit) Recognised	Nil
Past Service Cost (Vested Benefit) Recognised	Nil
Recognition of Transition Liability	Nil
Acturial Gain or Loss	(60,770)
Expense Recognised in P&L	11,542

VI. Balance Sheet Reconciliation	For the Year
Opening Net Liability	1,09,496
Expense as Above	11,542
Employers Contribution	2,400
Amount Recognition in Balance Sheet	1,18,638

VII. Other Detail	For the Year
Leave is en cashable on retirement/while in service, maximum leave accumulation is a per company's scheme	
Salary escalation is considered as advised by the company which is line with the industry practice considering promotion and demand And supply of the employees	
No. of members	92
Salary pm	3,14,600
Contribution for next year	Nil

NOTES TO ACCOUNTS (Contd...)

11. The Company has claimed credit for Maharashtra Value added tax (VAT) paid on all inputs, irrespective of its sale liable to VAT as a proportion to the total sales, which is less than 20%. The Company's claim is consequent to a legal interpretation, which has been confirmed through a legal opinion obtained from an expert in this regard. The auditors have relied upon the expert's opinion. Adjustments on account of any liability, if any, on the company in this regard will be dealt with in the profit and loss account, to the extent applicable, in the year the matter is finally settled.
12. 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.
13. Since the Company has been extended credit period of 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimation received, on requests made by the company, with regards to vendor's registration under the said Act.
14. The current assets, loans and advances are stated at the value, which in the opinion of the Board, are realisable in the ordinary course of the business. Current liabilities and provisions are stated at the value payable in the ordinary course of the business.
15. Balances of certain sundry debtors, sundry creditors and loans and advances are subject to Confirmation, reconciliation and consequential adjustment, if any.
16. Previous years figures have been regrouped/reclassified and recast and shown to the nearest rupee where necessary, to conform to current year's classification.

Signatures to Schedules 1 to 19

For and on behalf of the Board

Rasesh B. Kanakia
Director

Himanshu B. Kanakia
Director

Pravin Ghatalia
Director

Place: Mumbai
Date: 29th May, 2008