

**NOTICE**

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the shareholders of GREYCELLS ENTERTAINMENT LIMITED will be held at the Registered Office of the Company at VMDL Campus, 4<sup>th</sup> Floor, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050 on Wednesday, September 30, 2009 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Uday Sinh Wala, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.

By Order of the Board of Directors

Place : Mumbai  
Date : 25th August, 2009

Dharmesh Parekh  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members are requested to bring their copy of the Annual Report to the meeting.
4. The Register of Members & Share Transfer Books of the Company will remain closed from September 17, 2009 to September 18, 2009 (both days inclusive).
5. Member/s desirous of getting any information on the accounts and operations of the Company are requested to write to the Company at least seven days before the date of the meeting.
6. As per the provisions of the amended Companies Act, 1956 facility for nominations is now available to the shareholders of the Company.
7. Members are requested to intimate change of address, if any, to the Company's Registrar & Share Transfer Agent, Bigshare Services Pvt. Ltd. at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072.
8. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
9. Attendance Slip is annexed to the Proxy Form. Members are requested to fill up the particulars of the attendance slip, affix their signature in the appropriate place and hand it over to the Company's officials/Registrars at the entrance of the Meeting venue.

**ANNEXURE TO THE NOTICE****INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTOR**

Mr. Uday Sinh Wala aged 45 years, has a career spanning more than 17 years of strategic planning and execution in the Advertising and sports / entertainment television business and having worked with leading agencies like Leo Burnett, Lowe Lintas & Grey India. He has worked on television programming ranging from formatted shows to soaps, magazine programs to live coverage, channel management services to telefilms, the entire gamut of programs and genres for Indian television.

Mr. Uday Sinh Wala is a promoter, non-executive director on the Company's Board. He is a member of Remuneration Committee of the Company. He holds 2,12,300 equity shares (being 5.69%) in the Company.

He is on the Board of M/s. Grey Cells Communication & Production Private Limited and Mindseye Entertainment Private Limited.

By Order of the Board of Directors

Place : Mumbai  
Date : 25th August, 2009

Dharmesh Parekh  
Company Secretary

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2009.

**Financial Results**

During the year under review, your company recorded consolidated revenues of Rs. 518.94 lacs (previous year Rs. 140.70 lacs); and standalone revenues of Rs. 237.98 lacs (previous year Rs 140.48 lacs).

The consolidated loss before tax and before exceptional item for the year stood at Rs. 168.62 lacs (previous year profit Rs. 15.98 lacs); and standalone loss before tax and exceptional item stood at Rs. 124.55 lacs (previous year profit Rs. 18.30 lacs).

The consolidated loss before tax and after exceptional item for the year stood at Rs. 615.71 lacs (previous year profit Rs. 15.98 lacs); and standalone loss Rs. 579.37 lacs (previous year profit Rs. 18.30 lacs).

**Dividend**

In view of loss, the Directors do not recommend dividend for the year 2008-09.

**Operations**

During the current financial year the Company forays into education in media & entertainment under the brand EMDI. At the onset of the academic year 2009-10, the Company has added a few feathers to its cap which shall marshal the Company's growth. The Company has secured a major academic recognition and credibility with all courses conducted under EMDI will be certified by City and Guilds, UK's largest vocational awarding body. City & Guilds is an autonomous organisation founded on a mandate in 1887 manages over 8,600 City & Guilds training and assessment centres, in more than 100 countries and has awarded over 30 million certificates in

its 125 year history. The City & Guilds London Institute exists to encourage education and training within the workplace and offers worldwide companies and governments with a recognised benchmark for skills.

The Company has collaborated with ITM-IHM to complement their hospitality management courses at Mumbai & Bangalore. ITM-IHM is an institute affiliated to Queen Margaret University Scotland, U.K./University of Mumbai headquartered out of Kharghar, Navi Mumbai with a pan India presence. Students of Hospitality Management at ITM-IHM will also be trained in the Post Graduate Diploma in Event Management through EMDI and will be provided a dual certification on graduation.

Towards further tapping the huge potential of students in the country, the Indian operations have expanded geographically by setting up new centres. In Phase 1, Centres have been set up at Bangalore, Pune, Noida (Delhi), Kolkata and Vashi, Navi Mumbai. Through this the EMDI brand of education will be located within Mumbai at – Bandra, Jai Hind College & Navi Mumbai.

The Company has in association with Jai Hind College offering 1 year part time Diploma courses in Event Management, Advertising & Media, PR & Corporate Communication and Journalism and Communication jointly certified by Jai Hind College and EMDI Institute of Media & Communication.

During the current year, your Company has launched new course i.e. Diploma in Journalism and Communication in association with Jai Hind College.

In Dubai, with launch of new courses i.e, Diploma in Journalism & Online Communication, Diploma in Graphic Design & Visual Communication, Diploma in Radio Jockeying & Programming, Diploma in Disc Jockeying & Music Promotion, Certificate in Adobe Photoshop and Certificate in Wedding Planning, the Institute has ambitions to become the largest vocational training institute in the Middle East offering courses for the Creative, Media and Entertainment industry.

**Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Uday Sinh Wala retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

**Share Capital**

During the year under review, the paid-up share capital of your company stands increased from Rs. 3,09,15,000 to Rs. 3,73,15,000 due to allotment of 5,40,000 equity shares to Mr. Nowshir Engineer jointly with Mridula Engineer & Piroja Engineer and 1,00,000 equity shares to M/s. Access Atlantech Edutainment (I) Limited through preferential issue.

**Right Issue**

The Company has an ambitious business plan and new business initiatives for the year 2009-2010 which involve capital outlay and working capital requirement. The requirement of financial resources for the new initiatives can be funded by proposed right issue of the company. The company has filed

draft letter of offer with the Securities and Exchange Board of India for proposed right issue of the Company for an amount aggregating upto Rs. 1500 lacs to the existing shareholders on right basis.

**Subsidiary Companies**

The Company has one wholly owned subsidiary. A statement of financial position of the Company's wholly owned subsidiary, EMDI (Overseas) FZ LLC pursuant to Section 212 of the Companies Act, 1956 is annexed and forms part of this Report.

**Auditors**

The Company's statutory auditors, M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Fixed Deposits**

During the year under review, the Company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

**Particulars of employees**

Since none of the employees of the Company was drawing remuneration in excess of the limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, details therewith are not furnished.

**Particulars of Conservation of Energy, technology absorption and foreign exchange earning and outgo**

**(a) Conservation of Energy**

The Company is not involved in any manufacturing activity and hence has low energy consumption levels. Nevertheless, the Company makes all efforts to conserve and optimize the use of energy by using energy-efficient computers and equipments with latest technologies.

**(b) Technology Absorption and Research and Development**

The Company's research and development focus is on developing new frameworks, processes and methodologies to improve the speed and quality of service delivery.

**(c) Foreign Exchange Earnings and Outgo**

The earnings and expenditure in foreign exchange were as under:

Earnings	Nil
Expenditure	Rs.11.34 lacs

**Corporate Governance**

A separate section on Corporate Governance along with Management Discussion & Analysis forming part of Directors' Report and the certificate from the Secretary in whole time practice regarding compliance of conditions of Corporate

Governance as stipulated in Clause 49 of the Listing Agreement is annexed to and forms part of the Directors' Report.

**Directors Responsibility Statement**

In terms of Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for the year ended 31<sup>st</sup> March, 2009, the Board of Directors confirm/state that:

- i. In the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the loss of the Company for the year ended as on that date;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the Annual Accounts on a going concern basis.

**Acknowledgements**

Your Directors wish to thank all Employees, Bankers, Investors, Business Associates etc. for their continued support.

By Order of the Board of Directors

Place : Mumbai Abbas Patel  
 Date : 25th August, 2009 Chairman

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to clause 49 of the Listing Agreement)

**Company's Philosophy on Corporate Governance**

The Company endeavours to comply with the requirements of Corporate Governance not merely as a regulatory requirement but also in spirit.

The Board of Directors of the Company fully support and endorses Corporate Governance practices as per the provisions of the amended Clause 49 of the Listing Agreement as applicable from time to time. Listed below is the status with respect to compliance of provisions of the Clause 49 as applicable.

**COMPLIANCE WITH SEBI CODE OF CORPORATE GOVERNANCE**

**1. Board of Directors:**

Sixteen meetings of the Board of Directors were held during the year ended March 31, 2009 on 15.05.2008, 09.06.2008, 27.06.2008, 18.07.2008, 31.07.2008, 21.08.2008, 27.09.2008, 07.10.2008, 07.10.2008, 08.10.2008, 11.10.2008, 24.10.2008, 11.12.2008, 28.01.2009, 31.01.2009 and 14.03.2009. Attendance of Directors at the Board Meetings & Annual General Meeting is as under:

Sr. No.	Names of Directors	Number of board meetings held whilst a Board member	Number of Board meetings attended	Whether attended last AGM held on 22.09.2008
1	Uday Sinh Wala	16	16	Yes
2	Bela Desai	16	16	Yes
3	Abbas Patel	16	16	Yes
5	Deepak Choudhary #	13	12	Yes
6	Nowshir Engineer #	13	Nil	No
7	Anil Naik #	13	12	Yes

# Appointed as Additional Director w.e.f. 1<sup>st</sup> July, 2008

The Directors of the Company possess highest personal and professional ethics, integrity and values, and are committed to representing the long term interest of the stakeholders. The Company's Board comprises 6 Directors with considerable experience in their respective fields. Of these 4 Directors are Non Executive Directors. The Chairman of the Board is a Independent Non-Executive Director.

Details of Composition, Category of Directors, their other Directorships, Committee memberships:

Composition and category of Directors						
Sr. No.	Name	Designation	Category	Directorship in other Companies	Board Committees on which member	Board Committees on which chairperson
1	Abbas Patel	Chairman & Director	Independent, Non-Executive Director	1	2	2
2	Uday Sinh Wala	Director	Promoter - Non - Executive Director	2	1	0
3	Bela Desai	Director	Non-independent, Non-Executive Director	2	2	2
4	Deepak Choudhary #	Managing Director (Indian Operations)	Non-independent, Executive Director	2	2	0
5	Nowshir Engineer #	Managing Director (International Operations)	Non independent, Executive Director	3	0	0
6	Anil Naik #	Director	Independent, Non-Executive Director	4	3	0

# Appointed as Additional Director w.e.f. 1<sup>st</sup> July, 2008

No Director is related to any other Director on the Board in terms of the definition of relative' given under the Companies Act, 1956.

No compensation is paid to Non-Executive Directors except sitting fees.

Equity Shares held by Non-Executive Directors are as follows:

Name of Director	Equity Shares held
Uday Sinh Wala	2,12,300
Abbas Patel	40,000
Bela Desai	1,40,100
Anil Naik	Nil

The Board of Directors has laid down the Code of Conduct applicable to the Board members and senior executives of the Company. A declaration by the Managing Director affirming compliance to the Code of Conduct by the Board Members & senior executives is also annexed separately at the end of this report.

**2. Audit Committee**

The Company has an Audit Committee at the Board level with powers and role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement. The Company has a qualified and Independent Audit Committee with all its members being Non-Executive Directors, to oversee the accounting and financial governance of the Company. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. Details of Committee meetings held during the year ended 31<sup>st</sup> March, 2009 and attendance of members is as under:

Sr. No.	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Abbas Patel	Chairman & Member	Independent, Non-Executive Director	5	5
2	Bela Desai	Member	Non-independent, Non-Executive Director	5	5
3	Uday Sinh Wala \$	Member	Promoter, Non-Executive Director	1	1
4	Anil Naik #	Member	Independent, Non-Executive Director	4	3

\$ ceased as Committee Member w.e.f 1<sup>st</sup> July, 2008  
# appointed as Committee Member w.e.f. 1<sup>st</sup> July, 2008.

The scope of the functioning of the audit committee is to review, from time to time, the internal control procedures, the accounting policies of the Company and such other functioning as may be recommended from time to time by SEBI, Stock Exchanges and/or the Companies Act, which inter-alia include review of:

1. Management Discussion and Analysis of financial condition and result of operations.
2. Statement of significant related party transactions submitted by the management.
3. Internal audit reports relating to internal control strengths & weaknesses.
4. Appointment, removal & terms of remuneration of Internal Auditors.

**3. Remuneration Committee**

The Company has a Remuneration Committee at the Board level with the powers and role that are in accordance with Clause 49A of the Listing Agreement and the Members of the Committee are as under :

Sr. No.	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Abbas Patel	Chairman & Member	Independent, Non-Executive Director	1	1
2	Bela Desai	Member	Non-independent, Non-Executive Director	1	1
3	Uday Sinh Wala	Member	Promoter, Non-Executive Director	1	1

**The Remuneration Committee perform the following functions :**

1. To frame the Company's Policy from time to time on :
  - a. Compensation Policy to Directors
  - b. Role of Directors
  - c. Other matters relating to Directors and Employees
2. To recommend suitable candidates to Board for appointment as Executive/Non-Executive Director.
3. To review performance and recommend remuneration of Executive Directors' to the Board.
4. To review the role and conduct of Director's other than Members of the Committee and inform the Board.

**Remuneration Policy**

The Company has a credible and transparent policy in determining and accounting for the remuneration of Directors. The remuneration policy is aimed at attracting and retaining high caliber talent. Executive Directors are entitled for the remuneration by way of Salary and Commission not to exceed limits prescribed under the Companies Act, 1956.

Both the Executive Directors are appointed for period of 3 years w.e.f. 1<sup>st</sup> July, 2008. The details of remuneration paid to Managing Directors during the year ended 31<sup>st</sup> March, 2009, have been provided under Notes on Accounts.

**4. Subsidiary Company**

During the year under review the Company have one unlisted subsidiary Company namely EMDI (Overseas) FZ LLC. The Audit Committee reviews the financial statement of the subsidiary company. The minutes of the Board Meeting as well as statements of all significant transactions of the unlisted subsidiary company are placed regularly before the Board of Directors for their review.

Grey Cells Communications and Productions Private Limited (GCCPPL) have issued further equity shares to Mr. Uday Sinh Wala, the equity stake of the Company has fallen to 19.19%. Hence GCCPPL has ceased to be subsidiary of the Company w.e.f. 19/06/2008.

**5. Disclosures**

There are no material transactions with related parties, which require separate disclosure. A comprehensive list

of related party transactions as required by Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of note no.10 of Notes to Accounts of schedule M to the accounts in the Annual Report.

The Board reviews the risk assessment and minimization procedure from time to time. The risk management issues are discussed in detail in the report of Management Discussion and Analysis.

There is no material pecuniary transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

The Management Discussion and Analysis Report is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

No penalties were imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any other statutory authority on any matter related to capital market during the last three years.

The details of compliance with mandatory requirements of Clause 49 are as contained in this Report.

**6. Shareholders / Investors' Grievance Committee**

The Company has a Shareholders / Investors' Grievance Committee to focus on the prompt and effective redressal of the shareholders grievances and strengthening of the investor relations. The broad functions of the Committee includes redressal of shareholder and investor complaints pertaining to transfer of shares, non-receipt of annual report, non-receipt of declared dividend and any other complaints received from the Shareholders/Investors etc.

During the year under review, the Committee met four times, details of attendance by the Committee members is as under:

Sr	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Bela Desai	Chairperson & Member	Non Independent Non-Executive Director	4	4
2	Abbas Patel	Member	Independent, Non-Executive Director	4	4
3	Uday Sinh Wala \$	Member	Promoter, Non-Executive Director	1	1
4	Deepak Choudhary #	Member	Non-independent, Executive Director	3	3

\$ ceased as Committee Member w.e.f. 1<sup>st</sup> July, 2008  
# appointed as Committee Member w.e.f. 1<sup>st</sup> July, 2008

Mr. Dharmesh Parekh – Company Secretary is the Compliance Officer of the Company as approved by the Board of Directors.

During the year ended March 31, 2009 the Company did not receive any complaints and there were no outstanding complaints pending for more than one month. There were no cases, which were not solved to the satisfaction of shareholders.

**7. Other Committees constituted by the Board**

- a) The Share Transfer Committee, which approves share transfers, transmission, issue of duplicate shares etc. and to sign documents, share certificates, deeds etc. in this regard.
- b) During the financial year, the Company has also constituted the Right Issue Committee for the proposed right issue of the Company.

**8. CEO Certification**

Certificate from Mr. Deepak Choudhary, Managing Director (Indian Operations) in terms of Clause 49 (V) of the Listing agreement entered into with the Bombay Stock Exchange Limited was placed before the Board of Directors of the Company at their meeting held on 25th August, 2009.

**9. Company Secretaries' Certificate on Corporate Governance**

Certificate from M/s. A. K. Jain & Co, Company Secretaries in terms of Clause 49 (VII) of the Listing agreement is attached and forms part of this report.

**10. General Body Meetings**

**Location and time of last three AGMs held**

Year ended 31st March	Date of AGM	Time of AGM	Venue
2008	September 22, 2008	9 A.M.	VMDL Campus, 4 <sup>th</sup> Floor, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai – 400 050
2007	September 24, 2007	9 A.M.	#2, Vijay Park, Janki Kutir, Juhu, Mumbai– 400 049
2006	August 30, 2006	11 A.M.	#2, Vijay Park, Janki Kutir, Juhu, Mumbai – 400 049

During the year under review, the following special resolution(s) were passed by the Company's shareholders through postal ballot.

- 1. Further Issue of Shares
- 2. Inter Corporate Loans and Investments and
- 3. Promoter and Promoter Group

Further, no resolution proposed at the ensuing Annual General Meeting needs to be passed through Postal Ballot.

A brief resume of the Director offering himself for re-appointment at the Annual General Meeting is provided in the annexure / explanatory statement annexed to the notice convening the Annual General Meeting for the year 2009.

**10. Means of communications**

Quarterly / annual results are published in Free Press Journal and Nav Shakti. Shareholders information forms part of the Annual Report.

**SHAREHOLDER INFORMATION**

AGM: Date, Time and Venue	Wednesday, September 30, 2009 at 10.00 a.m. at VMDL Campus, 4th Floor, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050
Corporate Identity Number (CIN)	L65910MH1983PLC030838 With the MCA21 initiative of the Ministry of Corporate Affairs going live, the Company's master data and details of corporate filing made by the Company with the MCA may be viewed by the members and other stakeholders at www.mca.gov.in using the above mentioned CIN
Financial Calendar	
Financial reporting for the quarter ending June 30, 2009	End July, 2009
Financial reporting for the quarter ending September 30, 2009	End October, 2009
Financial reporting for the quarter ending December 31, 2009	End January, 2010
Financial reporting for the year ending March 31, 2010	May/June, 2010
Date of Book Closure	September 17, 2009 to September 18, 2009 (both days inclusive)
Dividend Payment Date	N.A.
Listing on Stock Exchanges Stock Code Fees	The Bombay Stock Exchange Ltd. Code - 508918 The listing fees paid to the BSE for the financial year 2009-10.
Market price data	The Company's share are frequently traded.
Registrar and Share Transfer Agents	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072 Phone : 28470652 / 53 Fax : 28475207 Email : ansar@bigshareonline.com
Share Transfer System	Shares transfer in physical form are registered and returned within 30 days of lodgement, if documents are clear in all respects. During the year under review total 4,30,950 Equity Shares transferred on 15/04/2008, 30/04/2008, 31/05/2008, 22/08/2008, 11/11/2008 and 02/12/2008 respective date in physical form.
Dematerialization of shares and liquidity	The Company's equity shares have been admitted in electronic/dematerialized mode by both Central Depository Services (India) Limited and National Securities Depository Limited under the International Securities Identification Number (ISIN) INE791H01011. The Company has paid the custodial charges to the respective depository participant for the financial year 2009-10
Outstanding GDRs / ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	N.A.
Plant Locations	N.A.
Registered Office and Address for correspondence	GREYCELLS ENTERTAINMENT LTD. VMDL, Campus, 4th Floor, Opp. Lilavati Hospital, Bandra Reclamation, Mumbai - 400 050

**Stock Market Data**

The Monthly High and Low quotation of equity shares traded on BSE are as under :

Month	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April' 08	351.00	227.30
May' 08	373.70	294.00
June' 08	360.00	338.00
July' 08	339.00	300.00
August' 08	334.90	317.90
September' 08	328.00	295.00
October' 08	317.60	257.20
November' 08	315.00	285.05
December' 08	310.00	270.80
January' 09	294.00	282.00
February' 09	289.50	258.45
March' 09	278.50	246.45

**\* Distribution of Shareholding as on March 31, 2009**

Distribution – As on March 31, 2009				
Range	Shareholders		Shares	
No. of Shares	Numbers	% to Total	Numbers	% to Total
1 – 5000	126	53.16	12,663	0.34
5001 – 10000	8	3.38	7,241	0.19
10001 – 20000	19	8.02	33,106	0.89
20001 – 30000	12	5.06	31,831	0.85
30001 – 40000	6	2.53	21,800	0.58
40001 – 50000	7	2.95	32,700	0.88
50001 – 100000	19	8.02	1,51,395	4.06
100001 & above	40	16.88	34,40,764	92.21
<b>Total</b>	<b>237</b>	<b>100.00</b>	<b>37,31,500</b>	<b>100.00</b>

**• Shareholding Pattern as on March 31, 2009**

Category	No. of shares held	Percentage of shareholding
<b>Promoter's holding</b>		
-Indian Promoters	6,46,200	17.32%
-Foreign Promoters	—	—
<b>Non-Promoter's Holding</b>		
Foreign Institutional Investors	1,39,000	3.72%
NRI Company	35,000	0.94%
Bodies Corporate	6,93,463	18.58%
Indian Public	14,34,319	38.44%
Clearing Member	10,050	0.27%
Non Resident Indians	7,73,468	20.73%
<b>Total</b>	<b>37,31,500</b>	<b>100.00%</b>

**Managing Director's Certification pursuant to Clause 49 of the Listing Agreement**

I, Deepak Choudhary, Managing Director (Indian Operations) of Greycells Entertainment Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as on and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) evaluated the effectiveness of the Company's disclosure, controls and procedures; and
  - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company (and persons performing the equivalent functions)
  - a) all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - b) significant changes, if any, in internal controls during the year covered by this report;
  - c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - d) instances of significant fraud of which I am aware, that involves management or other employees who have a significant role in the Company's internal control system;
7. I affirm that I have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
8. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**For Greycells Entertainment Limited**

**Place: Mumbai**  
**Date : 25th August, 2009**

**Deepak Choudhary**  
**Managing Director (Indian Operations)**

**Certificate on Corporate Governance pursuant to Clause 49 of the Listing Agreement**

To  
The Members of  
Greycells Entertainment Limited.

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

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination in accordance with the guidance note on certification of Corporate Governance as stipulated in clause 49 of the Listing Agreement and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an express of opinion on the financial statements of the company.

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

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

**For A.K. Jain & Co  
Company Secretaries**

**Mumbai  
August 25, 2009**

**Ashish Jain  
Proprietor  
(C.P.No. 6124)**



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. Education Industry**

Worldwide, education comprises of two different deliverable factions – mainstream education and vocational education. The vocational education industry in India comprises just 5% of its total workforce. This is a very small percentage when compared to 95 percent of South Korea, 80 percent of Japan and 70 percent of Germany. China has over 500,000 vocational schools while India has less than 3,000 such institutions. This further reinforces our belief that we are sitting on the tip of the iceberg and can spread our roots deeper into this industry. Fields such as event management, hospitality and advertising have now emerged as career options for students. This would require a substantial expansion in facilities over the next few years to meet the challenges and demands of the industry, employment and public with the private sector expected to play a major role in the establishment of finishing schools. In India, as elsewhere in the world, courses imparting practical knowledge are the fastest growing segment in the world of education.

With the growing demand for higher interaction in schools and other educational institutions, virtually enabled education has caught on in different areas in the country and even the remotest parts have begun adopting them. The increasing demand for quality education and opening of centres at remote areas have resulted in the Indian education industry becoming a very attractive field for private players.

India is one of the largest markets for education in the world. Due to its large population and cultural ethos, India is home to the largest growth of potential consumers of education services in the world. The government has correctly identified greater private participation as a method to increase the efficiency of spending. This has resulted in greater outsourcing by government to the private sector and also more robust private models to participate directly in this sector.

The government has identified education as a focus area to maintain sustainable economic growth and the private sector is coming up with the new structures to increase participation. India's education sector could see long-term secular growth with rewards for early movers.

With the private sector taking a more organized approach to establishing new centre the opportunity here gets streamlined and approaching new business becomes easier. Also the segment's willingness to look at new models that will improve the student's competitiveness gives more scope for growth. Greycells being in the forefront of this race with state of the art equipment, infrastructure and also expertise in the field has some golden opportunities here.

**2. Vocational Training in India and the need for private participation**

Currently vocational education and training is being offered by a variety of Government and Non-government Institutions nation-wide:

- a) Schools with vocational stream at the +2 level
- b) Industrial Training Institutes (ITIs)/ Teacher Training Institutes (TTIs)
- c) Community Polytechnics
- d) National Open School
- e) Open Universities, Selected College / Universities
- f) Krishi Vigyan Kendras
- g) Non Government Organisations
- e) Special Institutions

Estimates suggest that there are approx. 7,750 exclusive institutions in India offering diploma and certificate courses in vocational courses such as polytechnics, teacher training and arts and crafts. (Source: education.nic.in)

The Government of India is eager to undertake reforms to move towards a system where the central and state governments play a larger role in policy development, standards setting, financing, and monitoring and evaluation, while engendering greater competitiveness and accountability by institutions. It has further plans to set up 1600 new Industrial Training Institutes (ITIs) and polytechnics, 10,000 new vocational schools and 50,000 new skill development centres across the country. The government aims to ensure that annually 10 million students get vocational training, an increase of 4 times from current levels.

In India very less number of school students move up the value chain and educational levels to complete their educations. With an enormously large base of school drop outs, who pursue various employability options, the prospects of emerging streams like Vocational Training looks bright and shining.

The Company attempts to bridge the widening gap between academia and industry requirements by catering to the student base at vocational level and making them industry ready. Vocational education is education for employability therefore all our course encourage candidates to enhance employability skills, provide additional skills, look at industries which are growing and attract value.

6 centres across India, is a story of Greycells continued pursuit towards equipping and supplementing the employability skills of students and working professionals.

**3. Media and Entertainment Industry and Developments**

*Slumdog Millionaire*'s magnificent show at the Oscars has put India on a different pedestal in the international Media & Entertainment (M&E) scenario. This may now help the India M&E sector gain more attention from its counterparts in the West, who may outsource more talent from India and even consider India as a one of the hubs for their new ventures.

As per FICCI- KPMG Media & Entertainment Industry Report 2009 – "M&E sector is expected to post a compounded annual growth rate (CAGR) of 12.5% over the next five years (2008-13) to reach the size of INR 1052 billion." The current economic scenario has put Corporates under pressure to change, innovate and re-examine existing business models.

The growth story in India's media and entertainment business isn't over, says a report by audit and consulting firm KPMG and industry lobby Federation of Indian Chambers of Commerce and Industry (FICCI). According to the report, the rate of expansion will accelerate over the next five years to 2013 by which time the business will be worth Rs.1.05 trillion. That translates into a compounded average growth rate of 12.5% over five years. "India is one of the few countries where economic growth will be led by domestic consumption," Amit Mitra, secretary general, FICCI, said in a release. "With a low advertising spend-to-GDP (Gross Domestic Product) ratio of 0.47%, a growing consumer class and middle class, young population, low media penetration and increasing discretionary spending, India continues to be an attractive market for media and entertainment. (Source: FICCI Report on media & entertainment industry for 2009)

The Indian Entertainment and Media (E&M) industry is one of the fastest growing sectors in the country. The industry is poised to become Rs. 1 trillion (INR 100,000 crore) industry by 2011 and was Rs. 43,700 crore in 2007, thus expected to grow at a CAGR of approx. 23%. High growth in this industry eventually leading to higher incomes is also attracting a large number of people to work in this industry. Research suggests that 4 of every 10 career aspirants choose the Media and Entertainment industry as a sector to work in. (Source: Ministry of external affairs government, IMRB Survey September 2007 & Indian Council of Research on International Economic Relations 2007)

Today, more than 1,500 EMDI students alone are employed and work at various companies in event management, advertising, PR & media sector at various levels. Our Company is marshalling its talent pool and resources to contribute relevant, top-of-the-line work in the field of vocational training, both in India and abroad. We are one of the very few companies providing integrated vocational training in media and entertainment space in India and Dubai.

The Company is among India's few professional training institute to offer its students a global learning experience in the Entertainment and Media industry. The 4 day workshops like "Certificate in International Strategic Marketing Communication" organized by the Company, conducted by experts in the communication and entertainment industry from Dubai and UK, offered to events / PR and advertising students the unique opportunity to learn best international practices. It has also provided an opportunity to them to have to one interaction with global experts and experience a whole new gamut of ideas, thoughts and communication in an international scenario.

The strength of reputation and brand name of the Company is dependent on the quality and scope of our course offerings, and we continue to devote significant resources to enhance our current offerings and develop new quality educational programs and services that are responsive to the evolving market.

The mission of the Company is to create a global conglomerate that sets new standards of excellence in Education, Entertainment and Media and grooms future leaders of the industry.

#### 4. Environment

The year closed with continuing negative corporate and consumer sentiment resulting from the global economic crisis triggered by the banking and financial sector in USA. The economic slowdown led to extreme risk aversion and large parts of developed world moving into negative rate of GDP growth. The Indian economy was also affected, but was relatively better off than rest of the world.

The Company's view is that the education sector would remain the key determinant of economic growth and recovery, both for India and rest of world, as the fundamental long term drivers for this sector continue to remain intact.

Increased global work mobility, ageing population leading to significant demographic shift and multi-sector growth led by services economy will continue to cause talent shortages over the next decade. This presents a unique opportunity to the company to leverage its core competencies of educational pedagogy for delivering education and its wide reach.

#### 5. Union Budget 2009-10

According to the union budget 2009-10, Rs.44,528 crores has been lined up for education, which is around 20 percent more than the last fiscal. Higher education receives special attention in the budget with an allocation of Rs.15,429 crores. A sum of Rs.29,099 crores has been provided for school education.

#### 6. Outlook

Vocational Training is the 'sun rise' industry. The Company will continue its process of exploring the potential in additional areas of related service offerings. These new developments will have a positive impact on the Company in the years to come.

The Company plans to continue to expand its brand and product portfolios and its service and distribution networks in India and abroad in the near future, both organically and inorganically via strategic acquisitions.

The Company believes that growth is planned & focused and based on efficient use of available resources to grow the business and we plan to retain and strengthen our leadership position in the marketplace.

The Company will endeavor to be 'partner by choice' to both the industry and students and thereby increase the number of students manifold in the years to come.

The Company have aggressive plans to become preferred player and to increase number of students to 5,000 levels in next couple of years.

#### 7. Opportunities and Threats

##### Opportunities

The Company will look to maximise locations of presence and verticals in education to reach out to the student community and provide world class education. The Company shall seek to build on strengths and the management expertise and have to build a value based organisation that will come to dominate the media education industry.

Being a largely under-penetrated field, the education industry in India holds enormous opportunities for growth. While the entry barriers are likely to stay high for new companies in the near future, those that have already established themselves are likely to see tremendous growth. This is mainly due to the growing awareness of the need for quality education as well as the increasing population of students in the country, which are likely to lead to companies in the industry adopting operation models that can enable them to overcome both rigid regulations as well as low scalability. In areas of services, expertise and knowledge, your Company with its team of professionals is expected to tap the potential opportunities for growth.

The Company will look at presence both domestic and internationally as in locations, collaboration with leading universities/education institutions to deliver courses to their existing students and resource/research opportunities globally. This shall mean a multifaceted and multi cultural education imparting entities with focus on world class education and standards. The Company plans to continue to expand its brand, scalability and distribution networks through franchisee/business associates in India and abroad.

The Company by geographic coverage strengthening its presence in business with a clear focused approach which would help increase revenue growth, improve profitability as well as de-risk the company from economic slowdowns.

The Company has an opportunity to grow its business both organically and inorganically via strategic acquisitions in India and abroad.

The Growing acceptance of vocational institutes and the focus on the media and entertainment sector as a serious career option in the minds of parents, key decision makers, students alike – will ensure that courses presented by Greycells are readily accepted in the market.

**Threats**

The industry will need a vast talent pool of creative professionals to meet the growing demand of remains the biggest concern to limiting growth and expansion. However, given our reputation and relationships, we expect to be able to continue to overcome this weakness and attract quality talent. It is imperative for the Government and universities to take the onus of fostering education in the field of media and communication. This could be either through tie-ups with educational institutions or through a structured approach by training the people in media and education.

One of the related challenge is to attract talented people to work with the Company and also retaining the pool of this talent. The Company is focused on ensuring and has implemented employee friendly policies.

The key management is responsible for the day-to-day operations and they are indeed the key force in driving the business growth. There is always a risk that we may lose our key management team. If key management unable or unwilling to continue with us, we may find it

difficult to replace such people and our business may be adversely affected. As we are in service industry, our growth and operations are dependent on the management team.

A huge challenge is of learning economy is the underperformance of the education system. The majority of faculties are not formally trained with a basic degree in education.

Our success is mainly attributable to our reach, experience and quality processes. We recognize that we can only grow and prosper if we can:

- a. acquire and retain top quality talent on a continual basis.
- b. execute efficiently and manage growth challenges
- c. education for employability
- d. 100% Industry Faculty Model
- e. remain close to the students at all times.
- f. deliver 'relevant' content to the students
- g. on the job training
- h. earn while you learn
- i. permanent placement opportunities

Another large challenge is managing expectation from students. Due to the previous achieved success in the field, especially when there was the first mover advantage - if the new courses or existing courses do not live upto expectations, it leads to dissatisfaction.

**8. Segment-wise Performance**

The Company operates only in one segment and hence segment wise performance has not been given.

**9. Risks**

Risk is an integral part of corporate world today for any going concern and our endeavor has been to maximize stakeholder value by achieving on appropriate balance between risks and return. Since risk taking is intrinsic to business growth, all business entities face risks either from external environment or from internal operations. The most significant risks which the company has identified with mitigation plan are :

- External Risks (Political, Environment, Slowdown in economic growth, Currency Rate Fluctuation, Competition, Changes in Law and Natural Calamities) and
- Internal Risks (Business Concentration, Investment Process, Human Resource Management, Core Faculty etc.)

Further any change in tax law in India, particularly income tax might be to increase tax liability of the company thereby putting pressure on profitability.

To mitigate the same, the Company has constantly endeavored to broaden the charter of risk management to include opportunities as well as threats. It uses an integrated risk management approach, based on a number of techniques to cover the full range of risks in the framework. Today, risk assessment and mitigation is an important part of decision making and management at all levels of the company.

Apart from the regular operational & business risks, the other major risks faced by the Company are:

**a) Business Concentration**

The Company's business today is largely concentrated in vocational training in few verticals of media and entertainment. Further, a major proportion of the Company's revenue is derived from education business services.

To mitigate the risk arising from this concentration, the Company will strive towards expanding the Company's business in additional areas of related service offerings.

**b) Core Faculty**

The Company is also weak due to inadequate full time employed faculty, insufficient practical training, overall lack of practitioners and lack of market responsiveness. Further majority of our faculty members are visiting faculties from various industries and are in other occupation besides teaching at our centres. Any exodus by the visiting faculties can have adverse impact on business of the company. Failure to attract / retain qualified faculty members who have the necessary domain expertise or failure to provide continuous training to our faculty members so as to keep them abreast with the changing student expectations, examination pattern and other key trends that are necessary to effectively deliver the course may affect the pace of our growth and teaching quality across all our learning centres in different locations. Also, non availability of qualified faculty in one or more of our locations may have a material and adverse effect on our business.

To overcome, the Company hires professional persons from Advertising / Events / Marketing / Media / PR industry. All faculty members lecture on subjects of their expertise, resulting in experience sharing, interaction and networking of these professional with the students. The faculty members contribute to our overall performance by providing good quality training to the students and thus enable us to maintain our brand and reputation.

**c) Human Resource Management**

The Company's ability to deliver value to its customers depends largely on its ability to attract and retain skilled and talented professionals. There is significant competition for these resources which has been heightened by the entry of overseas competitors into the Indian market. Recruiting and retaining talent continues to be one of the priorities of the Company. The Company seeks to attract talented professionals by showcasing the variety and the quality of work that the Company's employees have delivered to its customers. Further to overcome, the Company is focused on ensuring increasing levels of employee's satisfactions and has implemented employee friendly policies.

**d) Entrant of Other players**

The lack of an entry barrier with respect to a private setup offering similar certificate courses is a threat. Centres offering similar courses is the first level of competition, however competition which enters the market, offers a poor product and then is forced to shut down later on is even worse as it spoils the education market and trust towards the other credible players

**e) Enrollment of students**

The Company's ability to attract students to enroll for courses depend on several factors such as to offer new courses, enhancing existing courses in response to changing industry needs, student's demands, expanding our geographic reach, effectively marketing courses to a broader base of prospective students and responding to competitive pressures.

**10. Social Responsibility**

The Company believes in being a responsible part of the community and contributing back to it in every manner. The Company's focus has been the differently abled part of the society. The Company fulfills its mission with a huge sense of corporate social responsibility. The initiative taken by the students of the EMDI Institute is launching of SWAT (Students Working Against Tobacco) and the same was registered NGO. The objective of SWAT is to urge India's youth to stay away from the ravages and dangers of smoking. Students had organized non-smoking concerts, non-smoking parties at discotheques, motorcycle rallies and candlelight marches to highlight the cause.

Given the industry's changing landscape and emerging challenges, the company's courses are well poised to deliver talent and harness the potential of young minds. Nearly 41 per cent of the nation is below 21 years of age – which means that India is home to the world's largest population of youth. There has been considerable growth, the focus continues to be imparting a quality education with the practical skills necessary for the start of a successful career. The courses developed in tandem with Industry are well poised to train the youth to meet the challenge of a rapidly developing society and nation. Further there is mismatch in demand and supply of skilled manpower and provide an alternative for those pursuing higher education, we intend to provide training services to such market segments to enhance industry specific skills and making them ready to pursue employment.

**11. Internal Control Systems**

The Company recognizes the importance of internal controls and has suitable internal control systems and processes in place for the smooth conduct of the business. Company's internal controls are commensurate with its size and nature of its business. Internal control systems in the Company are intended to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with Management's authorization and properly and promptly recorded and accounting

records are adequate for the preparation of financial statements and other financial information.

The internal audit covers a wide variety of operational matters and ensures compliance with specific standards with regard to availability and suitability of policies and procedures. Internal audit procedure constantly monitors the controls and feedback both positive and negative is communicated to the management. The internal audit team reports on the adequacy of control to the management as well as the audit committee.

Any observation or non conformance is addressed through a set of corrective & preventive actions, verified by the Internal Auditor.

**12. Discussion on Financial Performance with respect to Operational Performance**

The financial performance of the year ending March 31, 2009 reflects the steps have been initiated to become a more focused company, moving out of areas where we have limited opportunities and into areas of greater long term potential.

The authorized share capital of the Company is Rs. 8,00,00,000/- divided into 80,00,000 equity shares of Rs. 10/- each. The paid up capital of the Company is Rs. 3,73,15,000/- divided into 37,31,500 equity shares of par value Rs. 10/- each.

Highlights of the Company's standalone financial performance are as under:

(Rs. in thousand)

<b>Particulars</b>	<b>2008-2009</b>	<b>2007-2008</b>
Revenues	23,797.75	14,047.58
PBDIT	(9,145.74)	1,922.03
Exceptional Items		
Impairment of Assets	(45,482.37)	-
PBT	(57,937.10)	1,830.44
PAT	(58,363.88)	1,433.83
EPS:-		
Basic	(16.32)	0.46

**13. Human Resources**

The Company has strong management team with experience and expertise and focus in the areas of media and entertainment education. The management team effectively plans and oversees implementation of growth strategies. We believe that the strong and experienced management team enables us to understand the needs and preferences of the student community and industry that is critical for overall success and growth of the Company. To reduce attrition levels, the Company has initiated a number of programs that include an empowered work environment, learning opportunities, and competitive compensation packages.

**FORWARD LOOKING STATEMENT**

*Forward-looking statement in this Annual Report should be read in conjunction with the following cautionary statements. Certain expectations and projections regarding future performance of the Company referenced in this Annual Report are forward – looking statements. These expectations and projections are based on currently available competitive, financial and economic data along with the Company's operating plans and are subject to certain future events and uncertainties, that could cause actual results to differ materially from those that may be indicated by such statements.*

**AUDITORS' REPORT TO THE SHAREHOLDERS OF GREYCELLS ENTERTAINMENT LIMITED.**

1. We have audited the attached Balance Sheet of Greycells Entertainment Limited as at 31<sup>st</sup> March, 2009, together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, as amended to date, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments referred to in paragraph (3) 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;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009,
- ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date, and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu

Partner

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

Membership No. 35296

**ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph 3 thereof)**

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and there were no discrepancies noticed on such physical verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its business.
- (c) During the year, the Company has not disposed off a substantial part of fixed assets so as to affect the going concern status of the Company.
2. The Company did not hold any inventories during the year.
3. (a) The Company has granted a loan during the year to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7,25,000/-. The year end balance of loan granted to such company was Rs.7,25,000/-. The Company has not granted any other loan to companies covered in the register maintained under Section 301 of the Act.  
In our opinion, the rate of interest and the other terms and conditions of the aforesaid loan granted by the Company are not prima facie prejudicial to the interest of the Company.  
There were no amounts receivable towards interest or principal during the year.
- (b) The Company had taken an unsecured interest free loan from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.10,00,000/- and the year end balance of the loan taken from such company was Rs.Nil.

In our opinion, the rate of interest and the other terms and conditions of the aforesaid loan taken by the Company are not, prima facie, prejudicial to the interest of the Company.

The loan has been fully repaid during the year.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets and for the sale of services. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weaknesses in internal controls.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
b) Based on the information and explanations given to us, we are unable to comment on whether such transactions exceeding the value of rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices, as no comparative prices were available in view of the specialised nature of these transactions.
6. The Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A and 58AA or any relevant provisions of the Act.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
9. a) According to the information and explanations given to us by management and on the basis of the examination of the books of account carried out by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues, wherever applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of Income tax, Sales-tax, Custom Duty, Wealth Tax, Service tax, Excise Duty and Cess which have not been deposited.
10. The accumulated losses of the Company as at 31<sup>st</sup> March 2009, are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year ended on that date but not in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given to us by the Management, we are of

the opinion that the Company has not defaulted in repayment of its dues to any financial institution or bank. The Company has not issued any debentures during the year.

12. As per the books and records of the Company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order is not applicable, as the Company is not a chit fund company or nidhi/ mutual benefit fund / society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
15. According to the information given to us and as per the records examined by us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. As per the information and explanations given to us, the Company has not taken/utilised any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act, during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us by the management and on the basis of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of fraud on or by the Company during the year.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S.B. Prabhu  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

Membership No. 35296

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	As At 31st March, 2009		As At 31st March, 2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS :</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	A		37,318,875		30,918,875
Share Application Money Received			79,950,000		25,400,000
Reserves and Surplus	B		195,411,066		29,411,066
			<u>312,679,941</u>		<u>85,729,941</u>
<b>UNSECURED LOANS</b>					
From Director		5,010,000		1,160,000	
From Others		-	5,010,000	1,000,000	2,160,000
			<u>405,897</u>		<u>20,094</u>
<b>Deferred Tax Liability</b>			405,897		20,094
	<b>TOTAL</b>		<b><u>318,095,838</u></b>		<b><u>87,910,035</u></b>
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS</b>					
Gross Block	C		61,004,268		59,153,223
Less: Provision for Accumulated Depreciation / Impairment of Assets			<u>48,942,342</u>		<u>150,988</u>
Net Block			12,061,925		59,002,235
<b>INVESTMENTS</b>					
	D		243,018,087		13,127,278
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Current Assets :					
Sundry Debtors	E	1,117,420		5,896,574	
Cash & Bank Balances	F	1,893,374		5,058,687	
Loans & Advances	G	9,490,255	12,501,050	6,022,017	16,977,278
			<u>3,585,537</u>		<u>14,673,414</u>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>					
	H				
Current Liabilities		8,191,870		1,673,864	
Provisions		723,643	8,915,513	630,000	2,303,864
			<u>3,585,537</u>		<u>14,673,414</u>
<b>Net Current Assets</b>					
<b>MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off/adjusted)					
Preliminary Expenses			122,100		162,800
<b>PROFIT &amp; LOSS ACCOUNT</b>					
			59,308,189		944,308
	<b>TOTAL</b>		<b><u>318,095,838</u></b>		<b><u>87,910,035</u></b>
<b>ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
	L				
AS PER OUR REPORT OF EVEN DATE FOR FORD, RHODES, PARKS & CO. CHARTERED ACCOUNTANTS S.B.PRABHU PARTNER Membership No: 35296			For and on behalf of board  Deepak Choudhary      Bela Desai Managing Director      Director (Indian Operations)		
PLACE : MUMBAI DATED : 26th June, 2009			Dharmesh Parekh Company Secretary		



<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009</b>					
	Schedule	Year Ended		Year Ended	
		31st March, 2009		31st March, 2008	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Course Fees		20,706,125		-	
Franchise Fees		973,237		-	
Sales		-		9,774,703	
Other Income	I	2,118,388	23,797,750	4,272,879	14,047,582
<b>EXPENDITURE</b>					
Direct Expenses	J	3,805,896		6,016,443	
Employee Cost		3,998,606		1,497,131	
Advertisement & Marketing Expenses		7,181,500		233,797	
Administrative Expenses	K	17,916,792		4,337,481	
Preliminary Expenses		40,700		40,700	
Depreciation		3,308,986	36,252,480	91,587	12,217,138
<b>PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEM</b>			<b>(12,454,730)</b>	<b>1,830,444</b>	
Impairment of Assets ( Refer note No.6).			(45,482,368)		
<b>PROFIT/(LOSS) BEFORE TAX</b>			<b>(57,937,098)</b>	<b>1,830,444</b>	
Current Tax			-		(210,000)
Previous Year Tax Adjustment			37,046		(39,608)
Fringe Benefit Tax			(78,025)		(145,000)
Deferred Tax Adjustment			(385,803)		(2,007)
<b>PROFIT/(LOSS) AFTER TAX</b>			<b>(58,363,881)</b>	<b>1,433,829</b>	
Balance Brought forward from Previous Year			(944,308)		(2,378,137)
Balance carried forward to Balance Sheet			(59,308,189)		(944,308)
Earning Per Share (EPS)-Basic & Diluted (See note no.12 )			(16.32)		0.46
<b>ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
L					
AS PER OUR REPORT OF EVEN DATE FOR FORD, RHODES, PARKS & CO. CHARTERED ACCOUNTANTS S.B.PRABHU PARTNER Membership No: 35296  PLACE : MUMBAI DATED : 26th June, 2009			For and on behalf of board  Deepak Choudhary      Bela Desai Managing Director      Director (Indian Operations)  Dharmesh Parekh Company Secretary		

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH, 2009**

	As At 31st March, 2009		As At 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 'A'</b>				
SHARE CAPITAL				
AUTHORISED CAPITAL				
8,000,000 (Previous Year 8,000,000) Equity				
Shares of Rs. 10/- each		80,000,000		80,000,000
ISSUED , SUBSCRIBED AND PAID UP CAPITAL				
3,731,500 Equity Shares of Rs.10/-each fully paid up.	37,315,000		30,915,000	
Add : Amount paid up on 1550				
Forfeited Equity Shares	3,875		3,875	
(out of above 1,190,000 (PY 650,000) shares issued for consideration other than cash)				
<b>TOTAL</b>		<u>37,318,875</u>		<u>30,918,875</u>
<b>SCHEDULE 'B'</b>				
RESERVES AND SURPLUS				
Share Premium A/c				
As per last Balance Sheet		28,530,500		28,530,500
Add: Addition during the Year		<u>166,000,000</u>		<u>-</u>
		194,530,500		28,530,500
General Reserve				
As per last Balance Sheet		880,566		880,566
<b>TOTAL</b>		<u>195,411,066</u>		<u>29,411,066</u>
<b>SCHEDULE 'C'</b>				

PARTICULARS	GROSS BLOCK AS AT 31.03.08 RS.	ADDITIONS DURING THE YEAR RS.	DISPOSAL DURING THE YEAR RS.	GROSS BLOCK AS AT 31.03.09 RS.	DEPRECIATION UPTO 31.03.08 RS.	DEPRECIATION FOR THE YEAR RS.	IMPAIRMENT ASSETS FOR THE YEAR RS.	CUMMULATIVE DEPRECIATION UPTO 31.03.09 RS.	W.D.V. AS AT 31.03.09 RS.	W.D.V. AS AT 31.03.08 RS.
Tangible :										
Furniture & Fixtures	700,863	499,125	-	1,199,988	835	203,321		204,156	995,832	700,028
Office Equipment	168,286	124,675	-	292,961	30,971	34,640		65,611	227,350	137,315
Computer System	1,455,786	1,128,000	-	2,583,786	119,182	851,185		970,367	1,613,419	1,336,604
Air Conditioners	230,000	-	-	230,000	-	31,993		31,993	198,007	230,000
Motor Car	585,000	-	-	585,000	-	151,456		151,456	433,544	585,000
Electrical Instalation	-	99,245	-	99,245	-	11,611		11,611	87,634	
Radio System	400,000	-	-	400,000	-	55,640		55,640	344,360	400,000
Sound Equipment	50,000	-	-	50,000	-	6,955		6,955	43,045	50,000
Library Books	95,000	-	-	95,000	-	95,000		95,000	-	95,000
Intangible :										
Goodwill	7,635,920	-	-	7,635,920	-	1,527,184		1,527,184	6,108,736	7,635,920
Rcs Software	350,000	-	-	350,000	-	140,001		140,001	209,999	350,000
Trade Marks	2,000,000	-	-	2,000,000	-	200,000		200,000	1,800,000	2,000,000
Perpetual Right (Ek Din)	23,912,368	-	-	23,912,368	-	-	23,912,368	23,912,368	-	23,912,368
Perpetual Right (WWR)	15,100,000	-	-	15,100,000	-	-	15,100,000	15,100,000	-	15,100,000
Perpetual Right (Anjuman )	6,470,000	-	-	6,470,000	-	-	6,470,000	6,470,000	-	6,470,000
<b>TOTAL</b>	59,153,223	1,851,045	-	61,004,268	150,988	3,308,986	45,482,368	48,942,342	12,061,925	59,002,235
PREVIOUS YEAR	45,782,212	13,371,011	-	59,153,223	56,401	91,587		150,988	59,002,235	45,722,811

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2009**

**SCHEDULE 'D' : INVESTMENTS**

NAME OF THE COMPANY	NO OF SHARES / DEBS AS AT 31-3-2009	NO OF SHARES / DEBS AS AT 31-3-2008	COST AS ON 31-3-2009 RS.	COST AS ON 31-3-2008 RS.
<b>LONG TERM INVESTMENTS IN SHARES / DEBENTURES :</b>				
<b>A FULLY PAID-UP EQUITY SHARES (QUOTED)</b>				
<b>i). LISTED &amp; QUOTED</b>				
Chettinad Cement Corporation Ltd.	-	200	-	2,253
JCT Ltd.	-	468	-	9,191
Tata Iron & Steel Co. Ltd.	-	50	-	4,000
Maharashtra Seamless Ltd.	-	500	-	59,250
Kovilpatti L. R. Flour Mills Ltd.	-	1,100	-	207,075
G. V. Films Ltd.	-	1,200	-	68,509
Keynote Corporate Services Ltd.	-	250	-	15,000
				<u>365,278</u>
Less : Provision for Diminution In Value Of Shares				<u>238,000</u>
				<u>127,278</u>
<b>ii). LISTED BUT NOT TRADED</b>				
Unit Trust of India - 1964	-	50	-	802
The Narang Industries Ltd.	-	1,500	-	29,125
Mipco Seamless Rings (Guj) Ltd.	-	40	-	819
Orient Fin. Corp. Ltd.	-	100	-	1,000
Punjab Anand Batteries Ltd.	-	300	-	3,450
Raasi Cement Ltd.	-	100	-	2,000
Swedeshi Industries & Leasing Ltd.	-	500	-	5,000
				<u>42,196</u>
Less : Provision for Diminution In Value Of Shares				<u>42,196</u>
				<u>-</u>
				<u>-</u>
				<u>127,278</u>
<b>B FULLY PAID-UP EQUITY SHARES (UNQUOTED)</b>				
<b>i). IN OTHERS:</b>				
A L B Share Tdg. Co. Ltd.	-	1,000	-	10,000
Karad Trustee & Executor Co. Ltd.	-	50	-	500
Fairgrowth Fin Ser Ltd	-	10,000	-	100,000
Sesa Industries Ltd	-	10	-	225
Investment in EMDI Web Solutions Pvt Ltd	9,500	-	19,000	-
Investment in Access Atlantech	-	-	-	-
Edutainment ( I ) Ltd	245,554	-	50,400,000	-
Investment in Concept Communication Ltd	175,000	-	35,000,000	-
Grey Cells Communication & Production Pvt Ltd (F.V Rs.10/- )	50,000	50,000	13,000,000	13,000,000
			<u>98,419,000</u>	<u>13,110,725</u>
Less : Provision for Diminution In Value Of Shares				<u>110,725</u>
				<u>13,000,000</u>
<b>C FULLY PAID-UP DEBENTURES (UNQUOTED)</b>				
17% J.K Synthetics ltd.	-	220	-	25,128
13.5% Mazda Ind ltd	-	140	-	11,445
				<u>36,573</u>
Less : Provision for Diminution In Value Of Debentures				<u>36,573</u>
				<u>-</u>
<b>D Investment in subsidiaty- EMDI (Overseas) FZ LLC</b>				
	45		144,599,087	-
			<u>144,599,087</u>	<u>-</u>
<b>TOTAL INVESTMENTS</b>	<b>TOTAL A + B + C+D</b>		<b>243,018,087</b>	<b>13,127,278</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2009**

	AS ON 31-3-2009		AS ON 31-3-2008	
	Cost Rs.	Mkt Value Rs.	Cost Rs.	Mkt Value Rs.
Aggregate of Quoted Investments	-	-	365,278	349,230
Aggregate of Investment Listed but not Traded			42,196	-
Aggregate of Unquoted Investments	243,018,087		13,147,298	-
	<u>243,018,087</u>		<u>13,554,772</u>	<u>349,230</u>
<b>SCHEDULE 'E'</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured)				
Debts outstanding for more than six months				
Considered Good	1,067,420		2,576,938	
Considered Doubtful	5,896,574	6,963,994	-	
Others		50,000	3,319,636	5,896,574
		<u>7,013,994</u>		<u>5,896,574</u>
Less: Provision for Doubtful Debts		<u>(5,896,574)</u>		<u>-</u>
<b>TOTAL</b>		<u><u>1,117,420</u></u>		<u><u>5,896,574</u></u>
<b>SCHEDULE 'F'</b>				
<b>CASH AND BANK BALANCES :</b>				
Cash on hand		45,568		461,333
Balances with Scheduled Bank :				
In Fixed Deposit	1,400,000		-	
In Current Account	447,806	1,847,806	4,597,354	4,597,354
<b>TOTAL</b>		<u><u>1,893,374</u></u>		<u><u>5,058,687</u></u>
<b>SCHEDULE 'G'</b>				
<b>LOANS AND ADVANCES :</b>				
Deposit	215,000		-	
Loans & Advances	6,741,712		5,037,500	
Advances Recoverable in Cash or in kind or for value to be received	1,527,237		491,188	
		8,483,948		5,528,688
Advance Tax & TDS		1,006,307		493,329
<b>TOTAL</b>		<u><u>9,490,255</u></u>		<u><u>6,022,017</u></u>
<b>SCHEDULE 'H'</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors	3,858,270		1,263,864	
Advance Fees received from Students	4,333,600		-	
Advance from Customers	-	8,191,870	410,000	1,673,864
<b>PROVISIONS</b>				
Provision for Tax		723,643		630,000
<b>TOTAL</b>		<u><u>8,915,513</u></u>		<u><u>2,303,864</u></u>

<b>SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009</b>				
	Year Ended 31 <sup>st</sup> March, 2009		Year Ended 31 <sup>st</sup> March, 2008	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 'I'</b>				
<b>OTHER INCOME</b>				
Business Support Services	950,000		-	
Interest on Income Tax Refund	6,952		-	
Interest accrued on FD	2,243		-	
Miscellaneous Income	1,987		213,506	
Foreign Exchange Income	-		-	
Foreign Duty Refund	-		18,705	
Scrap Sale	-		8,370	
Provision no longer Required written back	-		2,069,830	
Provision for diminution in the value of Investments reversed	427,494		-	
Loans not Payable written back	-		116,173	
Sundry balances written back	729,712		-	
Trading Income	-		1,846,295	
<b>TOTAL</b>	<b>2,118,388</b>		<b>4,272,879</b>	
<b>SCHEDULE 'J'</b>				
<b>DIRECT EXPENSES</b>				
Faculty Fees	2,653,595		-	
Work shop Expenses	831,450		-	
Student activity	268,851		-	
Events , Films Expenses	-		6,016,443	
Software Fees	52,000		-	
<b>TOTAL</b>	<b>3,805,896</b>		<b>6,016,443</b>	
<b>SCHEDULE 'K'</b>				
<b>ADMINISTRATIVE EXPENSES</b>				
Auditors Remuneration :				
Audit Fees	33,090		30,000	
Taxation matters	16,545		15,000	
Others	56,506		26,762	
Company Law Matter & Listing Fees	471,771		25,335	
Conveyance Expenses	241,359		41,811	
Duties & Taxes	-		25,275	
Foreign Exchange Loss	-		437,965	
Legal & Professional Fees	4,032,494		841,347	
Loans & Advances Written Off	-		561,500	
Loss on Sale of Investments	355,865		-	
Other Miscellaneous Expenses	158,656		130,901	
Postage & Couriers	34,116		-	
Printing ,stationery & others	688,942		102,231	
Provision for Doubtful Debts	5,896,574		-	
Rent & Other Compensation	3,258,128		844,510	
Repair & Maintenance	1,417,629		74,962	
Telephone Expenses	334,486		378,315	
Travelling Expenses	920,631		801,567	
<b>TOTAL</b>	<b>17,916,792</b>		<b>4,337,481</b>	

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

**Schedule 'L- ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

**(i) Accounting Convention**

The Accompanying Financial Statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act, 1956 and in all material aspects with applicable accounting standards issued by the Institute of Chartered Accountants of India.

**(ii) Revenue Recognition**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. Income from the student fees are recognized over the period of instruction of course. Dividend income is accounted for as and when declared.

**(iii) Fixed assets and depreciation**

- a) Fixed assets are carried at cost of acquisition less accumulated depreciation.
- b) The company has provided depreciation on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956 as applicable.

**(iv) Impairment of Assets**

At each balance sheet date the Company reviews the carrying value of assets for any possible impairment. An impairment loss is recognized when the carrying amount of asset exceeds its recoverable amount which is the higher of net realizable amount as on the Balance Sheet date and the present value of the economic benefit resulting from the future use.

**(v) Amortization of Intangible Assets**

Intangible Assets are amortized as under:

- a) Goodwill over the period of five years.
- b) Trade Mark over the period of ten years.

**(vi) Investments**

Investments are capitalized at cost of acquisition plus incidental expenses and are classified into two categories, viz. current or long term. Provision for diminution in the value of investments is made in accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India.

**(vii) Provisions & Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed in the notes to accounts.

**(viii) Taxation**

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.

**(ix) Deferred Taxation**

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability

method at the current rate of tax, to the extent that the timing differences are expected to crystallise as deferred tax charge/benefit in the profit and loss account and as deferred tax asset/liabilities in the Balance Sheet. Deferred Tax assets in respect of carried forward business losses and unabsorbed depreciation as per Income Tax provisions is recognized only if there is virtual certainty of recoupment of the same out of future taxable income.

**NOTES TO THE ACCOUNTS**

1. Contingent liabilities – Nil ( Previous year – Nil )
2. No vendors have informed the company of their being registered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, as per the information available with the company, there are no amounts payable to such vendors as at the year end.
3. Managerial Remuneration:
 

	2008-09	2007-08
	(Rs.)	(Rs.)
Salary	7,20,000	NIL
4. Deferred Tax Liability of Rs.4,05,897/- (Previous Year Deferred Tax Liability- Rs.20,094/-) as on 31.03.2009 is on account of timing difference in respect of depreciation differential. No Deferred tax asset has been recognized on unabsorbed depreciation and carries forward business losses as there is no virtual certainty that the same will be realized out of future profits.
5. Employee Benefits: There are no employee benefits covered under AS15 (Revised) given by the Company.
6. Impairment Loss aggregating to Rs. 4,54,82,368 has been provided in respect of perpetual rights in the films, being excess of the carrying value of these assets over their recoverable amounts. The impairment of loss is reflected as an exceptional item in the Profit and Loss Account.
7. The Company has forayed into vocational training in media and entertainment by acquiring the business of vocational training of EMDI Institute of Event Management Private Limited from the closure of the business on 31<sup>st</sup> March,2008 and also acquired controlling interest in EMDI (Overseas) FZ LLC, a limited liability company registered in Dubai, United Arab Emirates which is engaged in the vocational training. The Company has committed to acquire further 10% (5 shares) in the subsidiary company, at an agreed value of Rs.1,64,03,723.
8. During the year the Company has carried out Business Operations only in the segment of 'Education' and has

not carried out any Business Operations in the segment of 'Entertainment'. The Company also has taken a decision to continue to foray in Education segment in the near future.

Accordingly the Company has provided/written back the following amounts during the year pertaining to the entertainment business.

	Income/(Expenses) Rs.
Impairment of perpetual rights in the films	(4,54,82,368)
Provision for doubtful debts	(58,96,574)
Write back of creditors	7,29,712
<b>Net Expenses</b>	<b>(5,06,49,230)</b>

As a result of the above the Company has reduced its carrying value of the assets and liabilities in the entertainment business to NIL except for receivable of Rs. 50,21,409 from a single party.

In view of the above, separate segment reporting in respect of the entertainment business has not been considered necessary. As the Company has exclusively operated in the educational business segment during the year, segment reporting as per Accounting Standard 17 as not been given.

9. The Company's erstwhile subsidiary-Grey Cells Communication & Production Pvt. Ltd. ceased to be a subsidiary of the Company w.e.f. 19<sup>th</sup> June.2008 on private placement of further equity by the subsidiary to other parties.

**10. Related Party disclosures:**

**(A) List of Companies under Common Control**

Subsidiaries:-  
GreyCells Communication & Production Private Ltd upto 19<sup>th</sup> June,2008  
EMDI (Overseas) FZ LLC

**(B) Names of related parties with whom transactions have taken place during the year**

- a) Companies where significant influence exists:  
EMDI Web Solutions Pvt Ltd up to 26<sup>th</sup> February,2009  
EMDI Institute of Event Management Pvt.Ltd.  
Event Management Development institute (Bombay) Pvt.Ltd.  
Value Line Advisors Pvt.Ltd.  
Systematik Finvest Pvt.Ltd.
- b) Key Management Personnel :  
Deepak Choudhary  
Nowshir Engineer  
Bela Desai  
Uday Sinh Wala

**(C) Transactions with Related Parties**

Nature of Transactions	2008-09 (Rs.)	2007-08 (Rs.)
a) With Companies where significant influence exists:		
Legal & Professional Fees incurred	11,38,000/-	NIL
Loans Repaid by the Company	10,00,000/-	NIL
Loan Given by the Company	7,25,000/-	NIL
Business support services	2,00,000/-	NIL
b) With key Managerial Personnel:		
Managing Director's Remuneration-Salary	7,20,000/-	NIL
Share Application money received	1,02,00,000/-	28,00,000/-
Loan Received	10,50,000/-	20,85,000/-
Loan repaid	NIL	18,50,000/-
Purchase of Investments	14,44,00,000/-	NIL
Issue of Shares	13,50,00,000/-	NIL

**(D) Year end Balances of Related Parties**

Balances of related enterprises at the year end	2008-09 (Rs.)	2007-08 (Rs.)
	Debit/(Credit)	Debit/(Credit)
a) Subsidiary	NIL	49,82,698/-
b) Companies where significant influence exists	57,46,000/-	(10,00,000/-)
c) Key Managerial Personnel	(50,65,000/-)	(11,76,155/-)

**11. Foreign Currency Income and Expenses**

	2008-09 (Rs.)	2007-08 (Rs.)
Earnings In Foreign Currency –		
Programme Producer Services	NIL	87,36,424/-
Business Auxiliary Services	NIL	8,33,279/-
Professional Fees	NIL	2,05,000/-
Expenses in Foreign Currency-		
Travelling	3,02,756/-	3,88,788/-
Work shop expenses	8,31,450 /-	NIL

**12. Earning per share:**

	2008-09 (Rs.)	2007-08 (Rs.)
(a) Net Profit/ (Loss) after tax	(5,83,63,881)	14,33,829/-
(b) Weighted average number of equity shares of Rs. 10/- each outstanding during the year (No. of shares)	35,76,541	30,91,500
c) Basic and diluted earnings per share (Rs.)	(16.32)	0.46

13. Figures of the previous year have been regrouped, recast and rearranged wherever necessary to make them comparable with the figures of the current year.

AS PER OUR REPORT OF EVEN DATE  
FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS  
S.B.PRABHU  
PARTNER  
Membership No: 35296  
PLACE : MUMBAI  
DATED : 26th June, 2009

For and on behalf of board

Deepak Choudhary  
Managing Director  
(Indian Operations)  
Dharmesh Parekh  
Company Secretary

Bela Desai  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	31st March 2009 Amount(Rs.)	31st March 2008 Amount(Rs.)
<b><u>Cash Flow from Operating Activities</u></b>		
Net Profit/(Loss) before tax before exceptional item	(12,454,730)	1,830,444
<b><u>Adjustment for:</u></b>		
Depreciation	3,308,986	91,587
Preliminary Expenses w/off	40,700	40,700
Provision for diminution in the value of Investments reversed	(427,494)	
Loss on sale of Investments	355,865	-
	-----	-----
Operating Profit/(Loss) before working capital changes	(9,176,673)	1,962,731
<b><u>Adjustment for:</u></b>		
Trade and other Receivables	4,779,154	(2,150,595)
Trade and other Payables	6,518,006	(2,392,528)
Loans and Advances	(2,955,260)	2,723,057
	-----	-----
Cash generated from operations	8,341,900 (834,774)	(1,820,066) 142,665
Interest Paid		-
Direct taxes paid/refund	(460,315)	(34,302)
	-----	-----
<b>Cash Flow before extra ordinary items</b>	(1,295,088)	108,363
Extra ordinary items/Exceptional Items	-	-
	-----	-----
<b>Net Cash from Operating Activities</b>	(1,295,088)	108,363
	-----	-----
<b><u>Cash Flow from Investing Activities</u></b>		
(Purchase)/Sale of Fixed Assets	(1,851,045)	(13,371,011)
(Purchase)/Sale of Investments	(94,819,180)	-
	-----	-----
Net Cash used in Investing Activities	(96,670,225)	(13,371,011)
	-----	-----
<b><u>Cash Flow from Financing Activities</u></b>		
Issue of Equity Shares	37,400,000	
Share application money received*	77,150,000	19,426,000
Loans received/(repaid) during the year*	(19,750,000)	(3,081,173)
	-----	-----
<b>Net Cash from Financing Activities</b>	94,800,000	16,344,827
	-----	-----
Net Increase/(Decrease) in cash and cash equivalents	(3,165,313)	3,082,179
Cash and cash equivalents at the beginning of the year (Opening Balances)	5,058,687	1,976,508
Cash and cash equivalents at the end of the year (closing Balances)	1,893,374	5,058,687

\* net-off Rs. 254 lakhs transferred from share application money account to unsecured loans. The Company had previously received Rs. 226 lakhs as share application money. Before the allotment of equity shares, applicants informed the Company that they are not interested in subscribing to the shares of the Company. Accordingly, Board of Directors vide its resolution dated August 21, 2008 has approved the repayment of share application money and re-classified them as unsecured loan which have been subsequently repaid before the year end. Balance Rs.28 lakhs has been classified as an unsecured loan on 31.3.09.

AS PER OUR REPORT OF EVEN DATE

For and on behalf of board

FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS

S.B.PRABHU  
PARTNER  
Membership No: 35296

Deepak Choudhary  
Managing Director  
(Indian Operations)

Bela Desai  
Director

PLACE : MUMBAI  
DATED : 26th June, 2009

Dharmesh Parekh  
Company Secretary



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration Details</b>			
CIN Number	L65910MH1983PLC030838	State Code	11
Balance Sheet Date	31-Mar-09		
<b>II Capital Raised during the year ( Amount in '000 Rs.)</b>			
Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	6400
<b>III Position of Mobilization and Deployment of Funds ( Amount in '000 Rs.)</b>			
	<b>Total Liabilities</b>	<b>Total Assets</b>	
	318096	318096	
<b>Sources of Funds :</b>			
	<b>Paid-up Capital</b>	<b>Reserves &amp; Surplus</b>	
	37319	195411	
	<b>Secured Loans</b>	<b>Unsecured Loans</b>	
	Nil	5010	
	<b>Deferred Tax Liability</b>		
	406		
<b>Application of Funds :</b>			
	<b>Net Fixed Assets</b>	<b>Investments</b>	
	12062	243018	
	<b>Net Current Assets</b>	<b>Misc. Expenditure</b>	
	3586	122	
	<b>Accumulated Losses</b>		
	59308		
<b>IV Performance of Company( Amount in '000 Rs.)</b>			
	<b>Turnover</b>	<b>Total Expenditure</b>	
	23,798	81,735	
	<b>Profit /(Loss) Before Tax</b>	<b>Profit /(Loss) After Tax</b>	
	(57,937)	(58,364)	
	<b>Earnings Per Share in Rs.</b>	<b>Dividend rate %</b>	
	(16.32)	Nil	
<b>V Generic Names of Principal Products / Services of Company ( As per Monetary Terms)</b>			
Item Code No.	N.A.		
( ITC Code )			
Product Description	NOT APPLICABLE		

AS PER OUR REPORT OF EVEN DATE  
FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS  
S.B.PRABHU  
PARTNER  
Membership No: 35296

PLACE : MUMBAI  
DATED : 26th June, 2009

For and on behalf of board

Deepak Choudhary      Bela Desai  
Managing Director      Director  
(Indian Operations)

Dharmesh Parekh  
Company Secretary

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company**

- |   |   |   |                                     |
|---|---|---|-------------------------------------|
| 1 | Name of the Subsidiary  | : | EMDI (Overseas) FZ LLC              |
| 2 | Financial year of the subsidiary ended on   | : | 31st March 2009                     |
| 3 | Date from which it became a subsidiary  | : | 1st April 2008                      |
| 4 | Shares of the Subsidiary held by the Company on the above date  |   |                                     |
|   | a) Number and Face Value  | : | 50 Equity Shares of AED 1000/- each |
|   | b) Extent of Holding*   | : | 100%                                |
| 5 | Net aggregating amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company                 |   |                                     |
|   | a) dealt with in the accounts of the Company for the period ended 31st March 2009   | : | NIL                                 |
|   | b) not dealt with in the accounts of the Company for the period ended 31st March 2009   | : | AED (349,676)                       |
| 6 | Net aggregating amount of profits/(losses) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company |   |                                     |
|   | a) dealt with in the accounts of the Company for the period ended 31st March 2009   | : | NIL                                 |
|   | b) not dealt with in the accounts of the Company for the period ended 31st March 2009   | : | AED (1,098,324)                     |

\* 100% Beneficiary Ownership

AS PER OUR REPORT OF EVEN DATE  
FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS  
S.B.PRABHU  
PARTNER  
Membership No: 35296

For and on behalf of board

Deepak Choudhary Managing Director (Indian Operations)	Bela Desai Director
--	------------------------

PLACE : MUMBAI  
DATED : 26th June, 2009

Dharmesh Parekh  
Company Secretary

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT**

Report of the Auditors to the Board of Directors of Greycells Entertainment Limited on the consolidated financial statement of Greycells Entertainment Limited and its subsidiary.

1. We have audited the attached Consolidated Balance Sheet of Greycells Entertainment Limited ("the Company") and its subsidiaries ("the Group") as at March 31, 2009, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 45.69 lakhs as at March 31, 2009, total revenues of Rs. 278.97 lakhs and total net cash inflows of Rs. 17.38 lakhs for the year ended on that date.

These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

4. Attention is drawn to the draw attention note in the audit report of one of the subsidiaries which is reproduced as note no. 11 in these consolidated financial statements, which indicates that the financial statement of subsidiary has been prepared on a going concern basis withstanding the accumulated losses and excess of current liabilities

over current assets as on March 31, 2009. The continuation of the subsidiary's operations is dependent upon future profitable operations, and continued financial support of the shareholders. The shareholders have confirmed their willingness to provide necessary support, financial or otherwise, for the company to meet its financial obligations as they fall due.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 - 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Greycells Entertainment Limited and its subsidiaries.

5. Further to our comments in paragraph 3 above and on the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Greycells Entertainment Limited and its aforesaid subsidiaries in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;
- (b) in the case of the consolidated profit and loss account, of the results of operations of the Group for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

S. B. Prabhu  
Partner

Membership No. 35296

Place :Mumbai  
Date : 26<sup>th</sup> June, 2009

<b>CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009</b>					
	Schedule	As At 31st March, 2009		As At 31st March, 2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS :</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	A		37,318,875		30,918,875
Share Application Money Received			79,950,000		25,400,000
Reserves and Surplus	B		195,411,066		29,411,066
			312,679,941		85,729,941
<b>UNSECURED LOANS FROM OTHERS</b>					
Loan from Director		15,948,519		6,817,537	
Others		4,953,145	20,901,663	1,000,000	7,817,537
<b>Deferred Tax Liability</b>			405,897		28,822
	<b>TOTAL</b>		333,987,501		93,576,300
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS</b>					
Gross Block	C	220,280,387		75,520,608	
Less: Provision for Accumulated Depreciation / Impairment of assets		49,578,815		996,975	
Net Block			170,701,572		74,523,633
<b>INVESTMENTS</b>	D		98,419,000		127,278
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Current Assets :					
Work In Progress		-		800,000	
Stock -In- Trade		-		4,582,019	
Sundry Debtors	E	2,615,641		7,943,610	
Cash & Bank Balances	F	3,667,951		5,069,134	
Loans & Advances	G	10,786,807	17,070,400	2,677,511	21,072,274
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	H	18,179,856	-		3,322,397
Provisions		1,307,240	19,487,097		630,000
			19,487,097		3,952,397
<b>Net Current Assets</b>			(2,416,697)		17,119,877
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off/adjusted)					
Preliminary Expenses			122,100		162,800
<b>PROFIT &amp; LOSS ACCOUNT</b>			63,640,635		1,642,713
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>			3,520,891		-
	<b>TOTAL</b>		333,987,501		93,576,300
ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS M					
AS PER OUR REPORT OF EVEN DATE FOR FORD, RHODES, PARKS & CO. CHARTERED ACCOUNTANTS S.B.PRABHU PARTNER Membership No: 35296			For and on behalf of board  Deepak Choudhary Managing Director (Indian Operations) Bela Desai Director  Dharmesh Parekh Company Secretary		
PLACE : MUMBAI DATED : 26th June, 2009					

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009</b>					
	Schedule	Year Ended		Year Ended	
		31 st March,2009		31 st March,2008	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Course Fees			47,925,083		-
Franchise Fees			973,237		-
Sales			-		9,774,703
Other Income	I		2,996,179		4,295,120
			<u>51,894,499</u>		<u>14,069,823</u>
<b>EXPENDITURE</b>					
Direct Expenses	J	5,838,836		6,016,443	
Employee Cost	K	12,550,514		1,319,271	
Advertisement & Marketing Expenses		13,148,924		38,702	
Administrative Expenses	L	33,419,141		4,764,213	
Interest & Finance charges		6,691		-	
Preliminary Expenses		40,700		48,340	
Depreciation		3,751,752		284,391	
			<u>68,756,557</u>		<u>12,471,360</u>
<b>PROFIT/(LOSS) BEFORE TAX BEFORE EXCEPTIONAL ITEM</b>			<b>(16,862,058)</b>		<b>1,598,463</b>
<b>EXCEPTIONAL ITEM -</b>					
Impairment of Assets (Refer note No.4).			(45,482,368)		-
Effect of cessation of interest in the subsidiary (Refer note No.8)			773,286		-
<b>PROFIT/(LOSS) BEFORE TAX</b>			<b>(61,571,140)</b>		<b>1,598,463</b>
Current Tax			-		(210,000)
Previous Year Tax Adjustment			37,046		(39,608)
Fringe Benefit Tax			(78,025)		(145,000)
Deferred Tax Adjustment			(385,803)		21,811
<b>PROFIT/(LOSS) AFTER TAX</b>			<b>(61,997,922)</b>		<b>1,225,666</b>
Balance Brought forward from Previous Year			-		-
			<u>(1,642,713)</u>		<u>(2,868,379)</u>
Balance carried forward to Balance Sheet			<u>(63,640,635)</u>		<u>(1,642,713)</u>
Earning Per Share (EPS)-Basic refer note no.10.			<u>(17.33)</u>		<u>0.40</u>
<b>ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>					
	M				
AS PER OUR REPORT OF EVEN DATE FOR FORD, RHODES, PARKS & CO. CHARTERED ACCOUNTANTS S.B.PRABHU PARTNER Membership No: 35296  PLACE : MUMBAI DATED : 26th June, 2009			For and on behalf of board  Deepak Choudhary      Bela Desai Managing Director      Director (Indian Operations)  Dharmesh Parekh Company Secretary		

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH, 2009**

	<b>As At 31st March, 2009</b>		<b>As At 31st March, 2008</b>	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 'A'</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED CAPITAL</b>				
8,000,000 (Previous Year 8,000,000) Equity Shares of Rs. 10/- each		80,000,000		80,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>				
3,731,500 Equity Shares of Rs.10/-each fully paid up.	37,315,000		30,915,000	
Add : Amount paid up on 1550 Forfeited Equity Shares (out of above 1,190,000 (PY 650,000) shares issued for consideration other than cash)	3,875		3,875	
<b>TOTAL</b>		<b>37,318,875</b>		<b>30,918,875</b>
<b>SCHEDULE 'B'</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Share Premium A/c</b>				
As per last Balance Sheet	28,530,500		28,530,500	
Add: Addition during the Year	166,000,000		-	
		194,530,500		28,530,500
<b>General Reserve</b>				
As per last Balance Sheet		880,566		880,566
<b>TOTAL</b>		<b>195,411,066</b>		<b>29,411,066</b>

**SCHEDULE 'C' FIXED ASSETS**

PARTICULAR	GROSS BLOCK	ADDITIONS*	ADJUSTMENT	GROSS BLOCK	DEPRECIATION	DEPRECIATION	ADJUSTMENT	IMPAIRMENT OF	CUMMULATIVE	W.D.V	W.D.V
	AS AT 31.03.08	DURING THE YEAR	DURING THE YEAR	AS AT 31.03.09	UPTO 31.03.08	FOR THE THE YEAR	DURING THE YEAR	ASSETS FOR THE YEAR	DEPRECIATION IMPAIRMENT OF ASSETS UPTO 31.03.09	AS AT 31.03.09	AS AT 31.03.08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible :											
Furniture & Fixtures	1,319,044	1,331,093	(618,181)	2,031,956	275,150	279,395	(280,763)	-	273,783	1,758,174	1,043,894
Office Equipment	308,886	1,786,572	(140,600)	1,954,858	87,801	283,077	125,900	-	496,778	1,458,080	221,085
Computer System	1,898,582	1,326,820	(442,796)	2,782,606	477,437	902,665	(323,107)	-	1,056,995	1,725,611	1,421,145
Air Conditioners	645,638	-	(415,638)	230,000	156,587	40,563	(165,157)	-	31,993	198,007	489,051
Motor Car	585,000	986,911	(511,500)	1,060,410	-	196,949	(10,579)	-	186,369	874,041	585,000
Electrical Instalation	-	197,083	-	197,083	-	24,325	1,426	-	25,751	171,332	-
Radio System	400,000	-	-	400,000	-	55,640	-	-	55,640	344,360	400,000
Sound Equipment	50,000	-	-	50,000	-	6,955	-	-	6,955	43,045	50,000
Library Books	95,000	-	-	95,000	-	95,000	-	-	95,000	-	95,000
Intangible :											
Goodwill on consolidation	14,750,170	156,010,185	(14,750,170)	156,010,185	-	-	-	-	-	156,010,185	14,750,170
Goodwill	7,635,920	-	-	7,635,920	-	1,527,184	-	-	1,527,184	6,108,736	7,635,920
Rcs Software	350,000	-	-	350,000	-	140,000	-	-	140,000	210,000	350,000
Trade Marks	2,000,000	-	-	2,000,000	-	200,000	-	-	200,000	1,800,000	2,000,000
Perpetual Right (Ek Din)	23,912,368	-	-	23,912,368	-	-	-	23,912,368	23,912,368	-	23,912,368
Perpetual Right (WWR)	15,100,000	-	-	15,100,000	-	-	-	15,100,000	15,100,000	-	15,100,000
Perpetual Right (Anjuman)	6,470,000	-	-	6,470,000	-	-	-	6,470,000	6,470,000	-	6,470,000
<b>TOTAL</b>	<b>75,520,608</b>	<b>161,638,664</b>	<b>(16,878,885)</b>	<b>220,280,387</b>	<b>996,975</b>	<b>3,751,752</b>	<b>(652,280)</b>	<b>45,482,368</b>	<b>49,578,815</b>	<b>170,701,572</b>	<b>74,523,633</b>
PREVIOUS YEAR	62,149,597	13,371,011	-	75,520,608	712,584	284,391	-	-	996,975	74,523,633	61,437,012

Note:

\* Addition to assets Includes the effect of translation of assets held by the foreign subsidiaries which are considered as non - integral in terms of AS 11 (revised 2003)

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH, 2009**

**SCHEDULE 'D' : INVESTMENTS**

NAME OF COMPANY	NO OF	NO OF	COST	COST
	SHARES/ DEBS AS AT 31-3-2009	SHARES DEBS AS AT 31-3-2008	AS ON 31.03.2009 Rs.	AS ON 31.03.2008 Rs.
<b>LONG TERM INVESTMENTS IN SHARES / DEBENTURES :</b>				
<b>A FULLY PAID-UP EQUITY SHARES (QUOTED)</b>				
<b>i). LISTED &amp; QUOTED</b>				
Chettinad Cement Corporation Ltd.	-	200	-	2,253
JCT Ltd.	-	468	-	9,191
Tata Iron & Steel Co. Ltd.	-	50	-	4,000
Maharashtra Seamless Ltd.	-	500	-	59,250
Kovilpatti L. R. Flour Mills Ltd.	-	1,100	-	207,075
G. V. Films Ltd.	-	1,200	-	68,509
Keynote Corporate Services Ltd.	-	250	-	15,000
			<hr/>	<hr/>
Less : Provision for Diminution in Value of Shares	-		-	365,278
			<hr/>	<hr/>
		<b>TOTAL - I</b>	-	<b>127,278</b>
			<hr/> <hr/>	<hr/> <hr/>
<b>ii). LISTED BUT NOT TRADED</b>				
Unit Trust of India - 1964	-	50	-	802
The Narang Industries Ltd.	-	1,500	-	29,125
Mipco Seamless Rings (Guj) Ltd.	-	40	-	819
Orient Fin. Corp. Ltd.	-	100	-	1,000
Punjab Anand Batteries Ltd.	-	300	-	3,450
Raasi Cement Ltd.	-	100	-	2,000
Swedeshi Industries & Leasing Ltd.	-	500	-	5,000
			<hr/>	<hr/>
Less : Provision for Diminution in Value of Shares			-	42,196
			<hr/>	<hr/>
		<b>TOTAL - II</b>	-	<b>-</b>
		<b>TOTAL A (I + II)</b>	-	<b>127,278</b>
			<hr/> <hr/>	<hr/> <hr/>
<b>B FULLY PAID-UP EQUITY SHARES (UNQUOTED)</b>				
<b>i). IN OTHERS:</b>				
A L B Share Tdg. Co. Ltd.	-	1,000	-	10,000
Karad Trustee & Executor Co. Ltd.	-	50	-	500
Fairgrowth Fin Ser Ltd	-	10,000	-	100,000
Sesa Industries Ltd	-	10	-	225
Investment in EMDI Web Solutions Pvt Ltd	1,900	-	19,000	-
Investment in Acess Atlantech Edutainment (I) Ltd	245,554	-	50,400,000	-
Investment in Concept Communication Ltd	175,000	-	35,000,000	-
Greycells Communication & Production Pvt Ltd (F.V. Rs.10/-)	50,000	50,000	13,000,000	-
			<hr/>	<hr/>
Less : Provision for Diminution In Value Of Shares			98,419,000	110,725
			<hr/>	<hr/>
		<b>TOTAL B</b>	98,419,000	<b>-</b>
			<hr/> <hr/>	<hr/> <hr/>
<b>C FULLY PAID-UP DEBENTURES (UNQUOTED)</b>				
17% J.K Synthetics ltd.	-	220	-	25,128
13.5% Mazda Ind ltd	-	140	-	11,445
			<hr/>	<hr/>
Less : Provision for Diminution in Value of Debentures			-	36,573
			<hr/>	<hr/>
		<b>TOTAL C</b>	-	<b>-</b>
			<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL INVESTMENTS</b>		<b>TOTAL A + B + C</b>	<b>98,419,000</b>	<b>127,278</b>
			<hr/> <hr/>	<hr/> <hr/>

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH, 2009**

	As At 31st March, 2009		As At 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
	<u>Cost</u>	<u>Mkt Value</u>	<u>Cost</u>	<u>Mkt Value</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Aggregate of Quoted Investments	-	-	365,278	431,696
Aggregate of Investment Listed but not Traded	-	-	42,196	-
Aggregate of Unquoted Investments	98,419,000	-	147,298	-
	<u>98,419,000</u>	<u>-</u>	<u>554,772</u>	<u>431,696</u>
<b>SCHEDULE 'E'</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured)				
<b>Debts outstanding for more than six months</b>				
Considered Good	1,067,420		4,623,974	
Considered Doubtful	5,896,574	6,963,994	-	4,623,974
<b>Others</b>		1,548,221		3,319,636
		8,512,215		7,943,610
Less : Provision for Doubtful Debts		(5,896,574)		-
<b>TOTAL</b>		<u>2,615,641</u>		<u>7,943,610</u>
<b>SCHEDULE 'F'</b>				
<b>CASH AND BANK BALANCES :</b>				
Cash on hand		82,247		471,008
Balances with Scheduled Bank :				
In Fixed Deposit	1,400,000		-	-
In Current Account	2,185,704	3,585,704	4,598,126	4,598,126
<b>TOTAL</b>		<u>3,667,951</u>		<u>5,069,134</u>
<b>SCHEDULE 'G'</b>				
<b>LOANS AND ADVANCES :</b>				
Loans	6,741,712		537,500	
Advances Recoverable in Cash or in kind or for value to be received .	2,823,788		1,628,052	
		9,565,500		2,165,552
Deposits		215,000		-
Advance tax & TDS		1,006,307		511,959
<b>TOTAL</b>		<u>10,786,807</u>		<u>2,677,511</u>
<b>SCHEDULE 'H'</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors	4,864,734		2,752,397	
Advance Fees received from Students	13,315,122		-	
Advance from Customers	-		570,000	
		18,179,856		3,322,397
<b>PROVISIONS</b>				
Provision for Gratuity	583,597		-	
Provision for Tax	723,643	1,307,240	630,000	630,000
<b>TOTAL</b>		<u>19,487,097</u>		<u>3,952,397</u>



**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED 31ST MARCH, 2009**

	<b>As At 31st March, 2009</b>		<b>As At 31st March, 2008</b>	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 'I'</b>				
<b>OTHER INCOME</b>				
Business Support Services		950,000		-
Interest on Income Tax Refund		6,952		-
Interest accrued on FD		2,243		-
Sundry Balances written back		737,140		-
Foreign Exchange Income		-		-
Rent		864,817		-
Miscellaneous Income		7,533		213,506
Foreign Duty Refund		-		18,705
Provisions no Longer Require Written Back		-		2,092,071
Provision for diminution in the value of Investments reversed		427,494		-
Loan not Payable Written back		-		116,173
Derivative Income		-		1,846,295
Scrap Sales		-		8,370
		-----		-----
<b>TOTAL</b>		<b>2,996,179</b>		<b>4,295,120</b>
		-----		-----
<b>SCHEDULE 'J'</b>				
<b>DIRECT EXPENSES</b>				
Event Film Expenses		-		6,016,443
Work shop Expenses		831,450		-
Faculty Fees		4,336,829		-
Student activity		268,851		-
Other Direct Expenses		349,706		-
Software Fees		52,000		-
		-----		-----
<b>TOTAL</b>		<b>5,838,836</b>		<b>6,016,443</b>
		-----		-----
<b>SCHEDULE 'K'</b>				
<b>EMPLOYEE COST</b>				
Salaries & Other Benefits		8,267,712		1,319,271
Staff Welfare		487,695		177,860
Director's Remuneration		3,795,106		-
		-----		-----
<b>TOTAL</b>		<b>12,550,514</b>		<b>1,497,131</b>
		-----		-----
<b>SCHEDULE 'L'</b>				
<b>ADMINISTRATIVE EXPENSES</b>				
Auditors Remuneration :				
Audit Fees		285,889		45,000
Taxation matters		16,545		15,000
Others		56,506		26,762
Bad Debt Written Off		-		37,896
Company Law Matter & Listing Fees		509,771		25,335
Conveyance Expenses		305,650		41,811
Duties & Taxes		-		220,370
Foreign Exchange Loss		-		437,965
Legal & Professional Fees		6,697,568		841,347
Loans & Advances Written Off		-		561,500
Loss on Sale of Car		229,915		-
Loss on Sale of Investments		355,865		-
Miscellaneous Expenses		368,503		124,782
Motor Car Expenses		56,684		-
Postage & Couriers		47,559		-
Printing, stationery & others		1,127,217		102,231
Provision for Doubtful Debts		5,896,574		-
Renovation		3,484,094		-
Rent & Other Compensation		11,513,362		844,510
Repairs & Maintenance		303,233		74,962
Telephone Expenses		853,750		378,315
Travelling Expenses		1,180,361		801,567
Web Designing charges		130,094		7,000
		-----		-----
<b>TOTAL</b>		<b>33,419,141</b>		<b>4,586,353</b>
		-----		-----

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

**Schedule 'M'- ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

**I. Accounting Convention**

The Accompanying Financial Statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act, 1956 and in all material aspects with applicable accounting standards issued by the Institute of Chartered Accountants of India.

**II. Principles of Consolidation**

The consolidated financial statements have been prepared on the following basis:

- I. The Financial Statements of Subsidiaries have been combined on a line by line basis by adding together the book values of like item of assets, liabilities, income and expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- II. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's financial statements
- III. The functional currency of the Parent Company is Indian Rupee. The functional currency of the subsidiary is its respective local currency. Its accounts are converted from its local currency to Indian Rupees in the following manner:  
All income and expense items are translated at the average rate of exchange applicable for the period. All monetary and non-monetary assets and liabilities are translated at the closing rate as on Balance Sheet date. The equity share capital is stated at the exchange rate at the date of investment. The exchange difference arising out of the year/period end translation is debited or credited to Foreign Currency Translation Reserve account.
- IV. The difference between the Company's Cost of investments in the subsidiaries over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

**B Notes to the Consolidated Financial Statements of Greycells Entertainment Limited:**

1. The subsidiary companies considered in the consolidated financials statements are:

Name of the Subsidiaries	Country Incorporation	Proportion of Ownership interest	Accounting year ending on
EMDI (Overseas) FZ LLC	U.A.E	100%	31.03.2009
Greycells Communication & Productions Pvt.Ltd.*	India	100%*	NA

\*ceased to be a subsidiary of the Company w.e.f. 19<sup>th</sup> June.2008 Profit & Loss Account has been consolidated for the period it was a Subsidiary.

**2 Managerial Remuneration**

	2008-09 (Rs.)	2007-08 (Rs.)
Salary & Other benefits	37,95,106/-	NIL

**3. Deferred Tax Liability**

	2008-09 (Rs.)	2007-08 (Rs.)
Depreciation differential	4,05,897/-	28,822/-

No Deferred tax assets has been recognized on unabsorbed depreciation and carry forward business losses as there is no virtual certainty that the same will be realized out of future profits.

4. In this accounts Impairment Loss aggregating to Rs. 4,54,82,368/- have been provided in respect of perpetual rights in the films, being excess of the carrying value of these assets over their recoverable amounts, as separately reflected in the Profit and Loss Account as 'Impairment Loss'.

5. The Company has forayed into vocational training in media and entertainment by acquiring the business of vocational training of EMDI Institute of Event Management Private Limited from the closure of the business on 31<sup>st</sup> March, 2008 and controlling interest in EMDI (Overseas) FZ LLC, a limited liability company registered in Dubai, United Arab Emirates .

The Company has committed to acquire further 10% (5 shares) in the subsidiary company at an agreed value of Rs.164,03,723/-

6. The Company has acquired 100% of the controlling interest in EMDI (Overseas)FZ LLC Dubai effective 1<sup>st</sup> April,2008, in terms of the share purchase agreement dated 2<sup>nd</sup> April,2008 between the promoter of EMDI (Overseas) FZ LLC and the Company.However as on 31<sup>st</sup> March,2009 only 90% of the equity stake has been delivered/transferred in the name of the Company.

In view of the above agreement EMDI (Overseas) FZ LLC has been consolidated as 100% subsidiary of the Company and no allocation has been made for minority interest.

7. During the year the Company has carried out Business Operations only in the segment of 'Education in media & entertainment' and has not carried out any Business Operations in the segment of 'Entertainment'. The Company also has taken a decision to continue to foray in Education segment in the near future.

Accordingly the Company has provided/written back the following amounts during the year pertaining to the entertainment business.

	Income/(Expenses)
Impairment of perpetual rights in the films	Rs.(45,482,368)
Provision for doubtful debts	Rs. (5,896,574)
Write back of creditors	Rs.729,712
<b>Net Expenses</b>	<b>Rs.506,49,230</b>

As a result of the above the Company has reduced its carrying value of the assets and liabilities in the entertainment business to NIL except for receivable of Rs. 50,21,409 from a single party.

In view of the above, separate segment reporting in respect of the entertainment business has not been considered necessary. As the Company has exclusively operated in the educational business segment during the year, segment reporting as per Accounting Standard 17 as not been given.

8. The Company's erstwhile subsidiary-Grey Cells Communication & Production Pvt. Ltd. ceased to be a subsidiary of the Company w.e.f. 19<sup>th</sup> June, 2008 on private placement of further equity by the subsidiary to other parties.  
Profit & Loss account has been consolidated for the period it was a Subsidiary.

**9. Related Party disclosures:**

**(A) Names of related parties with whom transactions have taken place during the year**

- a) Companies where significant influence exists:  
EMDI Web Solutions Pvt Ltd up to 26<sup>th</sup> February,2009  
EMDI Institute of Event Management Pvt.Ltd.  
Event Management Development institute (Bombay) Pvt.Ltd.  
Value Line Advisors Pvt.Ltd.  
Systematik Finvest Pvt.Ltd.
- b) Key Management Personnel :
- Deepak Choudhary  
Nowshir Engineer  
Bela Desai  
Uday Sinh Wala

**(B) Transactions with Related Parties**

Nature of Transactions	2008-09 (Rs.)	2007-08 (Rs.)
a) With Companies where significant influence exists:		
Legal & Professional Fees incurred	21,68,000/-	NIL
Loans Repaid by the company	10,00,000/-	NIL
Loan Given by the Company	7,25,000/-	- NIL
Business Support Services	2,00,000/-	NIL
b) With Key Managerial Personnel:		
Managing Director's Remuneration-Salary	37,95,000/-	NIL
Share Application money received	1,02,00,000/-	28,00,000/-
Loan Received	1,19,88,000/-	20,85,000/-
Loan Repaid	NIL	18,50,000/-
Purchase of Investments	14,44,00,000/-	NIL
Issue of Shares	13,50,00,000/-	NIL

**(C) Year end Balances of Related Parties**

Balances of related enterprises at the year end	2008-09 (Rs.)	2007-08 (Rs.)
	Debit/(Credit)	Debit/(Credit)
a) Subsidiary	NIL	4,982,698/-
b) Companies where significant influence exists	57,46,000/-	(1,000,000/-)
c) Key Managerial Personnel	(1,60,01,000/-)	(6,833,692/-)

**10.Earning per share:**

	2008-09 (Rs.)	2007-08 (Rs.)
(a) Net Profit/ (Loss) after tax after extraordinary Item/ Exceptional item	(61,997,922/-)	1,225,666/-
(b) Weighted average number of equity shares of Rs. 10/- each outstanding during the year No. of shares	3576541	3091500
(c) Basic and diluted earnings per share (Rs.)	(17.33)	0.40

**11. Going Concern Basis:**

The individual audited financial statements of subsidiary are prepared on the going concern basis notwithstanding the accumulated losses and excess of current liabilities over current assets as on 31<sup>st</sup> March, 2009. The continuation of Company's operations is dependent upon future profitable operations, and continued financial support of shareholders. The shareholders have confirmed their willingness to provide necessary support, financial or otherwise for the company to meet its future obligation as they fall due.

12. Figures of the previous year have been regrouped, recast and rearranged wherever necessary to make them comparable with the figures of the current year.

AS PER OUR REPORT OF EVEN DATE  
FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS  
S.B.PRABHU  
PARTNER  
Membership No: 35296

PLACE : MUMBAI  
DATED : 26th June, 2009

For and on behalf of board

Deepak Choudhary      Bela Desai  
Managing Director      Director  
(Indian Operations)

Dharmesh Parekh  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31st March 2009 Amount(Rs.)	31st March 2008 Amount(Rs.)
<b>Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax, before exceptional item	(16,862,058)	1,598,463
<u>Adjustment for:</u>		
Depreciation	3,751,752	284,391
Preliminary Expenses w/off	40,700	48,340
Provision No longer Required written back	(427,494)	-
Loss on sale of Investments	355,865	-
Loss on sale of Motor Car	229,915	-
	-----	-----
Operating Profit/(Loss) before working capital changes	(12,911,319)	1,931,194
<u>Adjustment for:</u>		
(Increase)/ Decrease in Working Capital	-	-
(Increase)/ Decrease in Stock in trade	4,582,019	-
(Increase)/Decrease in WIP	800,000	-
(Increase)/Decrease Trade and other Receivables	5,327,969	(1,300,381)
(Increase)/Decrease Loans and Advances	(7,596,318)	2,396,893
Increase/(Decrease) Trade and other Payables	14,848,733	(2,885,322)
Increase/(Decrease) Provision for gratuity	583,597	-
	-----	-----
Cash generated from operations	18,545,999	(1,788,810)
Direct taxes paid & deferred tax	5,634,680	142,384
	(460,315)	(34,302)
	-----	-----
Cash Flow before extra ordinary items	5,174,365	108,082
Extra ordinary items/Exceptional item	-	-
Effect of cessation of interest in the subsidiary	741,405	-
Foreign Currency Translation Reserve	(3,520,891)	-
	-----	-----
<b>Net Cash from Operating Activities</b>	<b>2,394,879</b>	<b>108,082</b>
	-----	-----
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(5,284,906)	(13,371,011)
Sale of Fixed Assets	934,826	-
Adjustment of goodwill	(6,260,015)	-
(Purchase)/Sale of Investments	(98,220,093)	-
	-----	-----
<b>Net Cash used in Investing Activities</b>	<b>(108,830,188)</b>	<b>(13,371,011)</b>
	-----	-----
<b>Cash Flow from Financing Activities</b>		
Loans received/(repaid) during the year*	(9,515,874)*	(3,081,173)
Issue of Equity shares with Premium	37,400,000	-
Share Application money received*	77,150,000*	19,426,000
	-----	-----
<b>Net Cash from Financing Activities</b>	<b>105,034,126</b>	<b>16,344,827</b>
	-----	-----
Net Increase/(Decrease) in cash and cash equivalents	(1,401,182)	3,081,898
Cash and cash equivalents at the beginning of the year (Opening Balances)	5,069,134	1,987,236
Cash and cash equivalents at the end of the year (closing Balances)	3,667,951	5,069,134

\* net-off Rs. 254 lakhs transferred from share application money account to unsecured loans. The Company had previously received Rs. 226 lakhs as share application money. Before the allotment of equity shares, applicants informed the Company that they are not interested in subscribing to the shares of the Company. Accordingly, Board of Directors vide its resolution dated August 21, 2008 has approved the repayment of share application money and re-classified them as unsecured loan which have been subsequently repaid before the year end. Balance Rs.28 lakhs has been classified as an unsecured loan on 31.3.09.

AS PER OUR REPORT OF EVEN DATE  
FOR FORD, RHODES, PARKS & CO.  
CHARTERED ACCOUNTANTS  
S.B.PRABHU  
PARTNER  
Membership No: 35296

For and on behalf of board

Deepak Choudhary      Bela Desai  
Managing Director      Director  
(Indian Operations)

PLACE : MUMBAI  
DATED : 26th June, 2009

Dharmesh Parekh  
Company Secretary

## DIRECTORS' REPORT

To,  
The Members of  
EMDI (Overseas) FZ LLC

Your Directors present the Annual Report and the Audited Annual Accounts for the year ended March 31, 2009.

### Operations

During the year under review, the Company incurred a loss of AED 3,49,676. The Middle East is also under pressure of the global downturn, your directors are confident of achieving better performance and all efforts are on to take the Company to next stage.

At the onset of the academic year 2009-10, the company has added new courses i.e. Diploma in Journalism & Online Communication, Diploma in Graphic Design & Visual Communication, Diploma in Radio Jockeying & Programming, Diploma in Disc Jockeying & Music Promotion, Certificate in Adobe Photoshop and Certificate in Wedding Planning, the Institute has ambitions to become the largest vocational training institute in the Middle East offering courses for the Creative, Media and Entertainment industry.

### Dividend

In view of the loss incurred during the year, your Directors could not consider any proposal for dividend.

### Employee Relation

Relations between the employees and the management continued to remain cordial during the year under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the Company's employees at all levels.

### Acknowledgements

We are thankful to our Banker for their extended co-operation during the year.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 21<sup>st</sup> May, 2009

Chairman

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMDI (OVERSEAS) FZ LLC

We have audited the financial statements of EMDI (Overseas) FZ LLC which comprise the Balance Sheet as at 31 March 2009 and the income statement, statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Internal Standard on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Establishment as of 31 March 2009, and its financial performances and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the constitution of the Establishment came to our attention which would materially affect the Establishment's financial position.

In our opinion the Establishment has maintained proper books of accounts and the accompanying financial statements are in agreement therewith.

Without qualifying our opinion we draw attention to note 21 which indicate that these financial statements have been prepared on a going concern basis notwithstanding the accumulated loss of AED 1,148,000 at 31 March 2009 (2008 : AED 1,098,324) and excess of current liabilities over current assets of AED 393,225 (2008 : AED 381,259). The constitution of the Company's operations is dependent upon future profitable operations, and continued financial support of the shareholders. The shareholders have confirmed their willingness to provide necessary support, financial or otherwise, for the company to meet its financial obligations as they fall due.

### ANTIA Chartered Accountants

Nozer Antia

Registration No: 56

Dubai

Date: 21 May, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

		As At 31 <sup>st</sup> March, 2009	As At 31 <sup>st</sup> March, 2008
	<u>Note</u>	<u>AED</u>	<u>AED</u>
<b>ASSETS EMPLOYED</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>	3	190,818	68,581
<b>CURRENT ASSETS</b>			
Accounts Receivable	4	108,724	3,015
Prepayments & Other Receivables	5	94,089	41,354
Bank Balances and Cash	6	128,779	69,971
		<hr/>	<hr/>
		331,592	114,340
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Accounts payables and accruals	9	<b>73,038</b>	<b>83,099</b>
Other payables	9	651,779	412,500
		<hr/>	<hr/>
		724,817	495,599
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>(393,225)</b>	<b>(381,259)</b>
		<hr/>	<hr/>
		<b>(202,407)</b>	<b>(312,678)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>FUNDS EMPLOYED</b>			
<b>EQUITY</b>			
<b>SHARE CAPITAL</b>		50,000	50,000
<b>RETAINED EARNINGS</b>		(1,448,000)	(1,098,324)
Opening Balance	(1,098,324)		
Profit for the year	(349,676)		
		<hr/>	
<b>NON CURRENT LIABILITIES</b>			
Loan from Director	793,796	1,195,593	735,646
Loan from Others	359,446		
Provision for Gratuity	42,351		
		<hr/>	
		<b>(202,407)</b>	<b>312,678</b>
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF INCOME FOR THE PERIOD ENDED 31 MARCH 2009**

		Period Ended 31 <sup>st</sup> March, 2009	Period Ended As At 31 <sup>st</sup> March, 2008
	<u>Notes</u>	<u>AED</u>	<u>AED</u>
Course Fees		2,196,861	982,650
Other Operating Income	20	70,848	-
		<hr/>	<hr/>
<b>Gross Profit</b>		<b>2,267,709</b>	<b>982,650</b>
		<hr/> <hr/>	<hr/> <hr/>
Operating Expenses:			
General & Administration	17	2,081,405	1,415,144
Selling Expenses	18	492,135	120,703
Finance Expenses	19	10,682	259,020
Depreciation	3	33,163	21,587
		<hr/>	<hr/>
		2,617,385	1,816,454
		<hr/> <hr/>	<hr/> <hr/>
<b>Operating Profit / (loss)</b>		<b>(349,676)</b>	<b>(833,804)</b>
Other Income		-	-
<b>Net Profit / (Loss) for the year</b>		<b>(349,676)</b>	<b>(833,804)</b>
Retained profits brought forward		(1,098,324)	(264,520)
		<hr/>	<hr/>
Retained profits carried forward		(1,448,000)	(1,098,324)
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF CHANGES IN EQUITY**

Period ended March 31, 2009

	Share Capital AED	Statutory Reserve AED	Retained Earnings AED	Total AED
<b>Opening balances as at April 01, 2008</b>	<b>50,000</b>	-	<b>(1,098,324)</b>	<b>(1,048,324)</b>
Net Profit for the year	-	-	(349,676)	(349,676)
Transfer to Statutory Reserve	-	-	-	-
Dividends	-	-	-	-
<b>Closing Balances as at March 31, 2009</b>	<b>50,000</b>	-	<b>(1448000)</b>	<b>(1398000)</b>
<b>Opening balance as at April 01, 2007</b>	<b>50,000</b>	-	<b>(264,520)</b>	<b>(214,520)</b>
Net Profit for the year	-	-	(833,804)	(833,804)
Transfer to Statutory Reserve	-	-	-	-
Dividends	-	-	-	-
<b>Closing Balances as at March 31, 2008</b>	<b>50,000</b>	-	<b>(1,098,324)</b>	<b>(1,048,324)</b>

**STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2009**

	31st March 2009 AED
<b>OPERATING ACTIVITIES</b>	
Net Profit for the year	(349,676)
Adjustment for:	
Depreciation	33,163
Disposal of assets	18,556
Finance charges	540
	<u>(297,417)</u>
(Increase)/Decrease in receivables + related parties	(105,709)
(Increase)/Decrease in prepaid & other receivables	(52,735)
(Decrease)/Increase in other payables	239,280
(Decrease)/Increase in a/c payable & accruals + related parties	(10,062)
	<u><b>70,774</b></u>
Net Cash from Operating Activities	<u>(226,643)</u>
<b>INVESTING ACTIVITIES</b>	
Purchase/Sale of Plant & Equipment	(173,956)
Net cash used in Investing activities	<u><b>(173,956)</b></u>
<b>FINANCING ACTIVITIES</b>	
Increase/(Decrease) in share capital	-
Finance Charges	(540)
Increase/(Decrease) in non current liabilities	459,947
Net Cash from Financing Activities	<u><b>459,407</b></u>
<b>INCREASE/(DECREASE) IN BANK BALANCES AND CASH</b>	<u><b>58,808</b></u>
<b>Opening Bank balances and cash as at April 01 2008</b>	<u><b>69,971</b></u>
<b>BANK BALANCES AND CASH AS AT MARCH 31 2009</b>	<u><u><b>128,779</b></u></u>

NOTE : Prior years figures not available



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2009****1. Status and Activities**

EMDI (Overseas) FZ LLC is incorporated as free zone Company with Limited Liability pursuant to Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended). The Company is registered as a professional training centre with Dubai Knowledge Village offering vocational certificates and diploma courses in the advertising, media and entertainment industry sector.

**2. Basis of preparation & Significant Accounting Policies & Estimates****Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The accounting policies have been consistently applied with regard to material items.

The financial statements are prepared under the historical cost convention

**Changes in Accounting Policies**

The Establishment has adopted all applicable new and revised standards and interpretations that have been issued and are applicable on or after 1 January 2007 particularly IFRS 7 and amendment to IAS 1. The Establishment has not adopted the new accounting standards or interpretations that have been issued but are not yet effective.

**Property, Plant & Equipment**

Plant & Equipment are initially recorded at cost. Revaluations are carried out when management's estimates of their market values are significantly different from the book values. Net surpluses arising on revaluation are credited to a revaluation reserve. The difference between depreciation based on the asset's original cost and revalued amounts is transferred annually to retained earnings. On disposal the related revaluation surplus is credited to retained earnings.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows :

Motor Vehicles	20%
Computers & Accessories	40%
Office Equipment & Electricals	25%
Furniture & Fixtures	15%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

**Accounts Receivable**

Accounts receivable are stated at original invoice amount less a provision for any uncollected amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**Accounts Payables and Accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not billed to the entity.

**Fees**

Course fees represents the fees charged by the company during the year net of discounts and rebates allowed and are apportioned over the period of instruction.

**Financial Instruments**

Financial Instruments comprise cash, receivables, payables and certain other assets and liabilities. The fair values of the financial instruments are based on the management's best estimates.

**Employees' end of service benefits**

Provision is made for the full amount of statutory gratuity due to employees for their periods of service upto the balance sheet date in accordance with the UAE Labour Law.

**Cash & Cash Equivalents**

These consist of cash and bank balances, bank overdrafts, and short term loans with an original maturity of less than 3 months

**Provisions**

Provisions are recognized when the Establishment has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**Impairment**

At each balance sheet date, the Company assesses if there is any objective evidence indicating impairment of financial assets or non collectability of receivables

An impairment of loss, if any arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of income. The recoverable amount represents the vales of expected future cash flows discounted at original effective interest rates. Cash flows relating to short term receivables are not discounted.

**3. PLANT & EQUIPMENT**

Depreciation is calculated to write off costs on a straight line basis over the estimated useful life of the assets

Motor Vehicle	20%
Computers	40%
Office Equipments & Electricals	25%
Furniture and Fixtures	15%

	<b>Motor Vehicle AED</b>	<b>Computers AED</b>	<b>Office Equip &amp; Furniture AED</b>	<b>Total AED</b>
Cost:				
Opening Balance	37,119	6,805	46,244	90,168
Additions	34,500	7,623	141,833	183,956
Disposals	(37,119)	-	-	(37,119)
	<u>34,500</u>	<u>14,428</u>	<u>188,077</u>	<u>237,005</u>
Closing Balance	<u>34,500</u>	<u>14,428</u>	<u>188,077</u>	<u>237,005</u>
Depreciation Reserve:				
Opening Balance	7,424	2,722	11,441	21,587
Additions	3,672	3,564	25,927	33,163
Disposals	(8,563)	-	-	(8,563)
	<u>2,533</u>	<u>6,286</u>	<u>37,368</u>	<u>46,187</u>
Closing Balance	<u>2,533</u>	<u>6,286</u>	<u>37,368</u>	<u>46,187</u>
<b>Net carrying amount at March 31, 2009</b>	<u><b>31,967</b></u>	<u><b>8,142</b></u>	<u><b>150,709</b></u>	<u><b>190,818</b></u>
<b>Net carrying amount at March 31, 2008</b>	<u><b>29,695</b></u>	<u><b>4,083</b></u>	<u><b>34,803</b></u>	<u><b>68,581</b></u>

**4. ACCOUNTS RECEIVABLE**

	<b>2009 AED</b>	<b>2008 AED</b>
Trade receivables (net)	108,724	3,015
	<u><b>108,724</b></u>	<u><b>3,015</b></u>

**5. OTHER RECEIVABLES & PREPAYMENTS**

Deposits + Others	19,152	9,500
Prepaid	74,937	31,854
Related parties	-	-
	<u><b>94,089</b></u>	<u><b>41,354</b></u>

**6. BANK BALANCES AND CASH**

Bank balances and cash	128,779	69,971
Bank Deposits	-	-
	<u><b>128,779</b></u>	<u><b>69,971</b></u>

**7. SHARE CAPITAL**

Share Capital comprises of 50 issued, subscribed and paid up shares of AED 1,000/- each

**8. EMPLOYEES' END OF SERVICE BENEFITS**

A charge is made for the full amount of the statutory gratuity due to employees as at balance sheet date in accordance with the UAE Labour Law.

The cost of providing these benefits is charged as an expense and the charge for the year ended 31st March 2009 was AED 42,351 (2008 - AED Nil)

<b>9. ACCOUNTS PAYABLE AND ACCRUALS</b>	<b>2009 AED</b>	<b>2008 AED</b>
Trade accounts payable	73,038	83,099
Advance fees received	651,779	412,500
Related parties	-	-
	<b>724,817</b>	<b>495,599</b>
	<b>724,817</b>	<b>495,599</b>

**10. RELATED PARTY TRANSACTIONS**

The Establishment in the normal course of business, carries on transactions with other entities that fall within the definition of related party. The details of such transactions entered into are set out below. The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

	<b>2009 AED</b>	<b>2008 AED</b>
Sales	-	-
Purchases	-	-
Expenses	-	-
Amounts due from related parties	-	-
Amounts due to related parties	-	-
Loan from Director	793,796	-

**11. COMPENSATION OF KEY MANAGEMENT PERSONNEL**

The compensation of key management during the year was as under:

	<b>2009 AED</b>	<b>2008 AED</b>
Salary, bonus etc.	213,016	199,554
Employees end of service benefits	35,178	-

**12. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. Financial assets include trade and other accounts receivable, cash and bank balances, Financial Liabilities include trade and other account payables and accrued expenses. The fair value of the company's financial assets and liabilities are not materially different from their carrying values.

**13. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2009.

**14. RISK MANAGEMENT**

**Credit Risk**

The establishment has no significant credit risk because the nature of the business is one that requires Letters of Credit to be opened by the consignees in favour of the principals before any deliveries are effected and we receive our commissions once the principals have received their money.

Credit risk is limited to the carrying values of financial assets.

**Currency Risk**

The establishment has no significant currency risk as at 31 March 2009.

**Liquidity Risk**

The establishment manages its liquidity risk with relative comfort because of the proactive follow up procedures followed by the management.

**15. KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Impairment of Accounts Receivable**

An estimate of the collectible amount of the trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant accounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were AED 108,724. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

**16. COMPARATIVE FIGURES**

The prior year figures represent unaudited figures as certified by the management.

**17. GENERAL & ADMINISTRATIVE EXPENSES**

	<b>2009 AED</b>	<b>2008 AED</b>
Staff salaries & benefits	434,864	382,164
Staff gratuity	42,351	-
Directors' Remuneration	213,016	199,554
Motor Vehicles expenses	4,575	20,727
Faculty fees	135,855	35,201
Travelling & Conveyance	26,152	15,092
Rent	666,286	519,438
Communications	42,995	31,724
Printing & Stationary	35,374	31,207
Professional Charges	235,100	77,700
Renovation	185,750	-
Insurance	2,250	-
Repairs & Maint	5,510	11,004
Sundry Expenses	32,770	91,333
	18,557	-
	<u><b>2,081,405</b></u>	<u><b>1,415,144</b></u>

**18. SELLING EXPENSES**

Representation / Promotion	-	-
Web design & hosting	10,500	-
Advertisement	481,635	120,703
	<u><b>492,135</b></u>	<u><b>120,703</b></u>

**19. FINANCE EXPENSES**

Interest / Bank Charges	10,142	4,867
Finance Charges	540	254,153
Exchange Loss / (gain)	-	-
	<u><b>10,682</b></u>	<u><b>259,020</b></u>

**20. OTHER INCOME**

Classroom Rental	69,800	-
Sundry	1,048	-
	<u><b>70,848</b></u>	<u><b>-</b></u>

**21. GOING CONCERN BASIS**

These financial statements have been prepared on a going concern basis notwithstanding the accumulated loss of AED 1,448,000 at 31 March 2009 (2008: AED 1,098,324), and excess of current liabilities over current assets of AED 393,225 (2008: AED 381,259)

The continuation of the Company's operations is dependent upon the future profitable operations, and continued financial support of shareholders. The shareholders have confirmed their willingness to provide necessary support, financial or otherwise, for the company to meet its future obligations as they fall due.



**GREYCELLS ENTERTAINMENT LIMITED**

VMDL Campus, 4<sup>th</sup> Floor, Opp Lilavati Hospital, Bandra Reclamation, Mumbai – 400 050  
(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

**ATTENDANCE SLIP**

I hereby record my presence at the Annual General Meeting of the Shareholders of the Company being held on Wednesday, September 30, 2009 at 10.00 a.m at VMDL Campus, 4<sup>th</sup> Floor, Opp Lilavati Hospital, Bandra Reclamation, Mumbai – 400 050

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

DP Id. \_\_\_\_\_ Client Id. \_\_\_\_\_

Name of the Shareholder: \_\_\_\_\_  
(1<sup>st</sup> name)

\_\_\_\_\_  
(Joint Holder)

Name of Proxy \_\_\_\_\_

(To be filled in case of the proxy attends instead of shareholder)

Signature of Shareholder/Proxy\* \_\_\_\_\_

\* Strike out whichever is not applicable

Tear Here

**PROXY FORM**



**GREYCELLS ENTERTAINMENT LIMITED**

VMDL Campus, 4<sup>th</sup> Floor, Opp Lilavati Hospital, Bandra Reclamation, Mumbai – 400 050

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

DP Id. \_\_\_\_\_ Client Id. \_\_\_\_\_

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

\_\_\_\_\_ being a member/members of GREYCELLS ENTERTAINMENT LIMITED hereby appoint \_\_\_\_\_ of

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

\_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, September 30, 2009 or any adjournment thereof.

Affix a  
Re. 1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Note : The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a shareholder of the Company.

**BOOK POST**

If undelivered please return to:



**GREYCELLS ENTERTAINMENT LIMITED**  
VMDL Campus, 4<sup>th</sup> Floor, Opp. Lilavati Hospital,  
Bandra Reclamation, Mumbai - 400 050



# **GREYCELLS ENTERTAINMENT LIMITED**

**Annual Report 2008-2009**

## CORPORATE INFORMATION

Name of the Company : Greycells Entertainment Limited  
 Registered Office : VMDL Campus, 4<sup>th</sup> Floor, Opp. Lilavati Hospital,  
 Bandra Reclamation,  
 Mumbai – 400 050

### BOARD OF DIRECTORS

Mr. Deepak Choudhary: Managing Director (Indian Operations)  
 Mr. Nowshir Engineer : Managing Director (International Operations)  
 Mr. Uday Sinh Wala : Non Independent, Non-executive Director  
 Ms. Bela Desai : Non Independent, Non-executive Director  
 Mr. Abbas Patel : Independent, Non-executive Director, Chairman  
 Dr. Anil Naik : Independent, Non-executive Director  
 Mr. Dharmesh Parekh : Company Secretary & Compliance Officer

### COMMITTEE OF BOARD

#### AUDIT COMMITTEE

Mr. Abbas Patel : Chairman & Member  
 Dr. Anil Naik : Member  
 Ms. Bela Desai : Member

#### REMUNERATION COMMITTEE

Mr. Abbas Patel : Chairman & Member  
 Ms. Bela Desai : Member  
 Mr. Uday Sinh Wala : Member

### SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Ms. Bela Desai : Chairperson & Member  
 Mr. Abbas Patel : Member  
 Mr. Deepak Choudhary : Member

### SHARE TRANSFER COMMITTEE

Ms. Bela Desai : Chairperson & Member  
 Mr. Abbas Patel : Member  
 Mr. Deepak Choudhary : Member

### AUDITORS

Ford, Rhodes, Parks & Co.  
 Chartered Accountants

### BANKERS

The Federal Bank Limited  
 Bank of India

### REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar  
 Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel : 28470652 /  
 28470653 Fax : 28475207 E-Mail : ansar@bigshareonline.com

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