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Khyati Resorts Ltd

5th Annual Report 1998-99

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FOR: KHYATI RESORTS LIMITED
DIRECTOR

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KHYATI RESORTS LIMITED

FIFTH ANNUAL GENERAL MEETING PROGRAMME.

****

DATE : 30TH SEPTEMBER, 1999

DAY : THURSDAY

TIME : 9.30 A.M.

VENUE : VILLAGE : BALIASAN,
NR. MANDALI, NIRMA-II,
AHMEDABAD-MEHSANA HIGHWAY
DIST : MEHSANA (NORTH GUJARAT)

NOTE TO SHAREHOLDERS :

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

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BOARD OF DIRECTORS

Shri Kartik J. Patel	Chairman-cum-Managing Director
Shri Rajiv R. Parikh	Executive Director
Shri Jashubhai M. Patel	Director
Shri Praful Agrawal,	Director
Shri Yogesh N. Patel	Director

COMPANY LAW CONSULTANT (COMPANY SECRETARY)

M/s. Kamalesh. M. Shah & Co.,
Practicing Company Secretaries
6, Avanika Park, Khanpur,
Ahmedabad: 380 001.

BANKERS OF THE COMPANY

Punjab National Bank,
Relief Road Branch,
Relief Road, Ahmedabad 380 001

The Sabarmati Co-Operative Bank Ltd
Vadaj Branch,
Ahmedabad 380 014

AUDITORS

Dipak. I. Patel & Co.,
Chartered Accountants
4th Floor, 403, Diwan Chambers,
Gujarat High Court Lane,
Navrangpura, Ahmedabad: 380 009.

SHARE TRANSFER AGENT & INVESTORS' GRIEVANCES

COMPUQUICK DATAMATION (INDIA) LIMITED
"Parishram" 3rd Floor, 5B, Rashmi Society,
Nr. Mithakhali Six Roads, Navrangpura,
Ahmedabad 380 009

NAME AND ADDRESSES OF STOCK EXCHANGES AT WHICH THE SECURITIES OF THE COMPANY ARE LISTED IN RESPECT OF WHICH ANNUAL LISTING FEES FOR FINANCIAL YEAR 1999-2000 HAVE BEEN PAID AT

AHMEDABAD

The Stock Exchange Ahmedabad
Kamdhenu Complex,
Nr. Panjarapole,
Ambawadi, Ahmedabad 380 015

MUMBAI

The Stock Exchange Mumbai
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai 400 001

ADMINISTRATIVE OFFICE

101, Chinubhai Towers,
Opp. Handloom House,
Ashram Road,
Ahmedabad 380 009.

REGISTERED OFFICE & RESORT

Village Baliyasana,
Ahmedabad - Mehsana Highway,
Taluka : Mehsana,
Dist : Mehsana, (N.Guj.)

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NOTICE

NOTICE is hereby given to the Members of the Khyati Resorts Limited. That the 5th Annual General Meeting of the Members of the Company will be held on Thursday, the 30th September, 1999 at 9.30 A.M. at the Registered Office of the Company at Village : Baliasan, Nr. Mandali, Nirma-II, Ahmedabad-Mehsana Highway, Taluka and District : Mehsana (North Gujarat) to transact the following Business:

ORDINARY BUSINESS:

<1>. To Receive, Consider, Approve and Adopt the Audited Statement of Accounts i.e. The Audited Balance Sheet as at 31/3/1999, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors thereon.

<2>. To Appoint a Director in Place of Shri Rajiv R. Parikh, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

<3>. To Appoint a Director in Place of Shri Yogesh N. Patel, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

SPECIAL BUSINESS :-

<4>. To Consider and if thought fit, to pass with or without modification the following resolution as SPECIAL RESOLUTION.

RESOLVED THAT pursuant to the provisions of Section 224(1B) and all other applicable provisions of the Companies Act, 1956 the consent of the members of the company be and is hereby accorded to the Appointment of M/s. Hiren K. Shah & Co., Chartered Accountants, Ahmedabad as the Auditors of the Company in place of the retiring Auditors M/s Dipak I. Patel & Co., Chartered Accountants, Ahmedabad, the previous auditors of the Company for making audit of the accounts of the Company for the financial year 1999-2000 and to hold the office as such from the conclusion of this Auunal General Meeting upto the conclusion of the next Annual General Meeting.

Place: Ahmedabad
Date : 30.07.1999

By Order of the Board of Directors
of Khyati Resorts Limited

Sd/-
(Kartik J. Patel)
Chairman-cum-Managing Director

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NOTES:

<1> A Member entitled to Attend and vote at the meeting is also entitled to appoint a Proxy to attend and vote instead of himself and on behalf of him and that a Proxy need not be a member of the company.

<2> Proxies in order tobe effective should be duly completed in the prescribed form stamped and signed and must be deposited at the Registered office of the company not less than 48 hours before the time fixed for the meeting.

<3> Members are requested to bring their copy of the Annual Report to the meeting as no extra copies will be distributed at the meeting hall as a measure of economy.

<4> Members desiring any information as regards accounts are requested to write to the company atleast 7 days before the meeting to enable the management to keep the information ready.

<5> Members are requested tobe in their seats at the meeting before the scheduled time of commencement of the Meeting to avoid interruption in the proceedings.

<6> Members are requested to intimate any change in their registered addresses if any directly at the Registered Office of the Company or to the Company's Registrar and Share Transfer Agents at their address mentioned elsewhere in this report.

<7> The Register of Members and Share Transfer Books of the Company Shall remain Closed from 21.09.1999 to 30.09.1999 (Both days inclusive).

<8> An Explanatory Statement pursuant to the provision of Section 173 of the Companies Act, 1956 in respect of the Special Business under item 4 is annexed herewith.

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AN EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 TO THE RESOLUTIONS MENTIONED UNDER THE HEAD SPECIAL BUSINESS OF THE NOTICE CONVENING THE 5TH ANNUAL GENERAL MEETING.

ITEM NO. 4 APPOINTMENT OF NEW AUDITORS IN PLACE OF THE RETIRING AUDITORS.

M/s. Dipak I. Patel & Co., the retiring auditors have given a letter to the Company expressing their unwillingness to continue to act as the auditors of the Company and had requested the company not to appoint them as the Auditors of the Company for the next year due to the reason that they are going to abroad (USA) for a longer period and may not be in a position to give their Audit Report for next year in time. In view of the above the Board of Directors of the Company had approached M/s. Hiren K. Shah & Co., Chartered Accountants, Ahmedabad to act as auditors of the Company. The Company has also received the consent letter from them that, if appointed as auditors of the Company their appointment shall be within the limits specified in the act. As such as per the requirement of the Act Special Resolution is proposed tobe passed at the general meeting.

All the correspondence letters are ready at the registered office of the Company for inspection of the members at any time during office hours.

None of the directors of the company is concerned or interested in passing the resolution.

Place: Ahmedabad
Date : 30.07.1999

By Order of the Board of Directors
of Khyati Resorts Limited

Sd/-
(Kartik J. Patel)
Chairman-cum-Managing Director

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REPORT OF THE DIRECTORS

To,
The Members,
Khyati Resorts Limited

Dear Shareholders,

Your Directors have pleasure in presenting herewith the 5th Audited Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 1999.

FINANCIAL HIGHLIGHTS.

During the financial year 1998-99, the Financial operational results of the Company is as follows :

(Rs.in lacs)

Particulars	For the year ended on 31.03.99	For the year ended on 31.03.98
Sales & Other Income	52.69	8.72
Total Income	52.69	22.48
Total Expenses.	127.21	22.02
Profit before tax	(74.52)	0.46
Provision for Tax	Nil	0.05
Profit After Tax	(74.52)	0.41
Balance Available for Appropriation	(73.20)	1.31
Balance Carried to Balance Sheet	(73.20)	1.31

The Sales of the Company have increased encouragingly to Rs.52.69 Lacs in the current year from Rs. 8.72 lacs in the previous year by 6 times. The higher interest expenses has lead to losses even though the sales have increased alarmingly. If the same trend continues a dividend declaration expected in the coming years.

YEAR UNDER REVIEW

During the year under review Your Company's paid up share capital has increased upto Rs. 890.03 Lacs by collection of calls-in-arrears. Further the Company has also availed the Term Loan Facilities of Rs. 238.26 Lacs from GSFC. However the financial resources raised during the year have been invested in the creation of the capital assets for the company in its Resorts and Hotel Project.

The Proposed Resort Project has been completed at a total estimated capital cost of Rs.1487.49 Lacs. During the year under review, your directors are happy to inform that the work at the resort was completed and it started functioning fully from 1st September, 1999 which increased the sales by 6 times then the past year. Looking at the present reputation of the resorts clubs your directors expect higher returns in the coming years.

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The restaurant is being becoming more popular amongst tourists due to extravengence, entertainment and introduction of new rides which makes it a special than others plus quality food and great hospitality

The completion of the work of the Residential luxury cottages has lead to more arrival of tourists. These Residential luxury cottages are surrounded by artificial ponds which gives an added attraction. In all there are total 21 cottages constructed and 30 Club house Rooms, which are well furnished and fully equipped with all luxurious furniture, upholstary, household and kitchen entertainment equipments, other cutlery goods and all types of equipments and appliances which a tourist demands for stay.

The arrival of more tourists at the resorts clubs has lead to introduction of new more water slides for greater entertainment and satisfaction of the tourists visiting the resorts. Even the party plots for party functions have been widened. The Water Park, Wave Pool and Other Recreation Games and Facilities have also Start functioning. With the Last Diwali of the Millennium approaching the company expects a lots of tourists to visit the resorts. Even some special arrangements and packages are being structured for this celebration.

The Company had approached and have got approvals from the Ministry of Tourism Development for Star Grading, availment of sales tax benefit, Gujarat Pollution Control Board, District Collector, Commissioner of Entertainment and Luxury Tax, Commissioner of Electricity Duty and has also obtained a clearance certificate from the Ministry of Forests development for approach roads and resort project as well as a project completion certificates from the financial institutions for availment of the State cash subsidy.

DIVIDEND

As your Company has suffered Losses during the year the Directors of your company regret for their inability to declare any amount of dividend during the year.

FUTURE PROGRAMMES:

The Directors of your company are presently engaged in the formulation of the newer marketing strategies to provide facilities to the tourists, local public for enjoyment, arrangement of small picnic packages, family or birth-day parties etc. The Company is also planning to provide facilities for Marriage and reception ceremony purposes. Besides, for utilizing of the TIME SHARE COTTAGES, your company has also planning to make tie up arrangements with the other RESORTS companies to attract the tourists. The Company is also planning to frame out the short term, and long duration holiday packages in consultation with other resorts companies on comprehensive one stop service centre.

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With new marketing policy adopted the company is about to get registered with all the credit cards agencies such as Master Cards, Visa Cards, Diners Cards. It has also framed packages and giving concession to the groups, small childrens, picnic tours conducted by the School for school children, Social Institutions, Co-Op. or Credit Societies etc.

Your directors are hopeful to earn reasonable amount of revenue and profit in the current financial year from the operations of the Highway Restaurant and the Time Share Cottages.

INFORMATION PURSUANT TO THE LISTING AGREEMENT AND SEBI CIRCULAR NO. SMDRP/CIR-14/98 DATED APRIL 29TH, 1998.

The Company's shares are at present Listed on Ahmedabad and Mumbai Stock Exchanges. The complete address are given on page-3 of this report. The Company has duly paid the annual listing fees upto and including the year 1999-2000 i.e. upto 31.03.2000 on both the stock exchanges. The Shares of the Company are freely tradable and has not been at any time delisted or the trading thereof has not been suspended on any of the above stock exchanges.

PROMISE V/S PERFORMANCE PURSUANT TO CLAUSE-43 OF THE LISTING AGREEMENT.

(Rs. in Lacs)

SR. NO.	PARTICULARS	PROMISE MADE IN OFFER DOCUMENT	ACTUAL PERFORMANCE FOR THE YEAR (SIX MONTHS)
1.	Sales & Other Income	1308.27	52.79
2.	Gross Profit	944.92	(74.52)
3.	Depreciation & Tax	445.17	32.66
4.	Net Profit/Losses	526.76	(73.20)

REASONS AND JUSTIFICATION

The Company has decided to expand the Resort Project by introducing three more slide in the water park. Construction of more residential cottages and expansion of club house and party plot garden. To finance this expansion the company had availed term loan facilities from GSFC. Due to this reason the project had been delayed. Further due to heavy rain and flood in the last year monsoon in the Mehsana, Resort Garden and Landscaping had destroyed which resulted in further delay in commencement of the project.

DEPOSITS:

During the year under review your company has neither invited nor accepted any public deposit or deposits from the private parties as defined under Section 58A of the Companies Act-1956.

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DIRECTORS

Shri Rajiv Parikh and Shri Yogeshbhai N. Patel Directors of the Company retires by rotation as per provisions of the Act at this Annual General Meeting. However being eligible they have offered themselves for reappointment. Your directors recommend to appoint them by passing resolutions.

AUDITORS

M/s. Dipak.I. Patel & Co., Chartered Accountants, Ahmedabad the retiring auditors have given a letter to the Company expressing their unwillingness to continue to act as Auditors of the Company due to the reason that they are going abroad (USA) for a longer period and it may not be possible for them to complete audit in time as per requirements of Law. and had requested the company not to reappoint them as the Auditors. In view of the above the Board of Directors of the Company had approached M/s. Hiren K. Shah & Co., Chartered Accountants, Ahmedabad to act as Auditors of the Company. The Company has also received the consent letter from them that if appointed as Auditors of the Company the appointment shall within the limit specified under act. As such as per the requirement of the Act a Special resolution is proposed to be passed at the General Meeting.

YEAR 2000 COMPLIANCE

Your Company commenced the work on Year 2000 (Y2K) compliance towards end of 1998 under the supervision of its Corporate I.T.Department. After assessing the effect date change on the Computer Systems, the Y2K team has identified all equipment and software programs that are likely to be affected by the millennium bug and is in touch with the manufacturers of those equipment to ascertain the status.

<a>. Data Processing hardware and operating systems :

All financial accounting and other data processing systems are operating on Y2K complaint systems. However, some of the old PCs and the older versions of the operating systems would be replaced by October 1999 any delay on this count will not affect the main processing and hence, there is no need for any contingency plan in this regard.

<b>. Data Processing Software :

All main applications are working on Y2K complaint programs. However, a few secondary applications which were developed in-house under COBOL and FOXPRO will be converted or amended by our own software team to make them Y2K complaint by November, 1999.

The company will continue to maintain the systems, both hardware and software, that have been already tested as Y2K complaint, during the current year date change. The management has ensured that there would be no material impact caused by the Y2K issue on the financial statements of the Company nor will it have any impact on the going concern status of the Company.

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