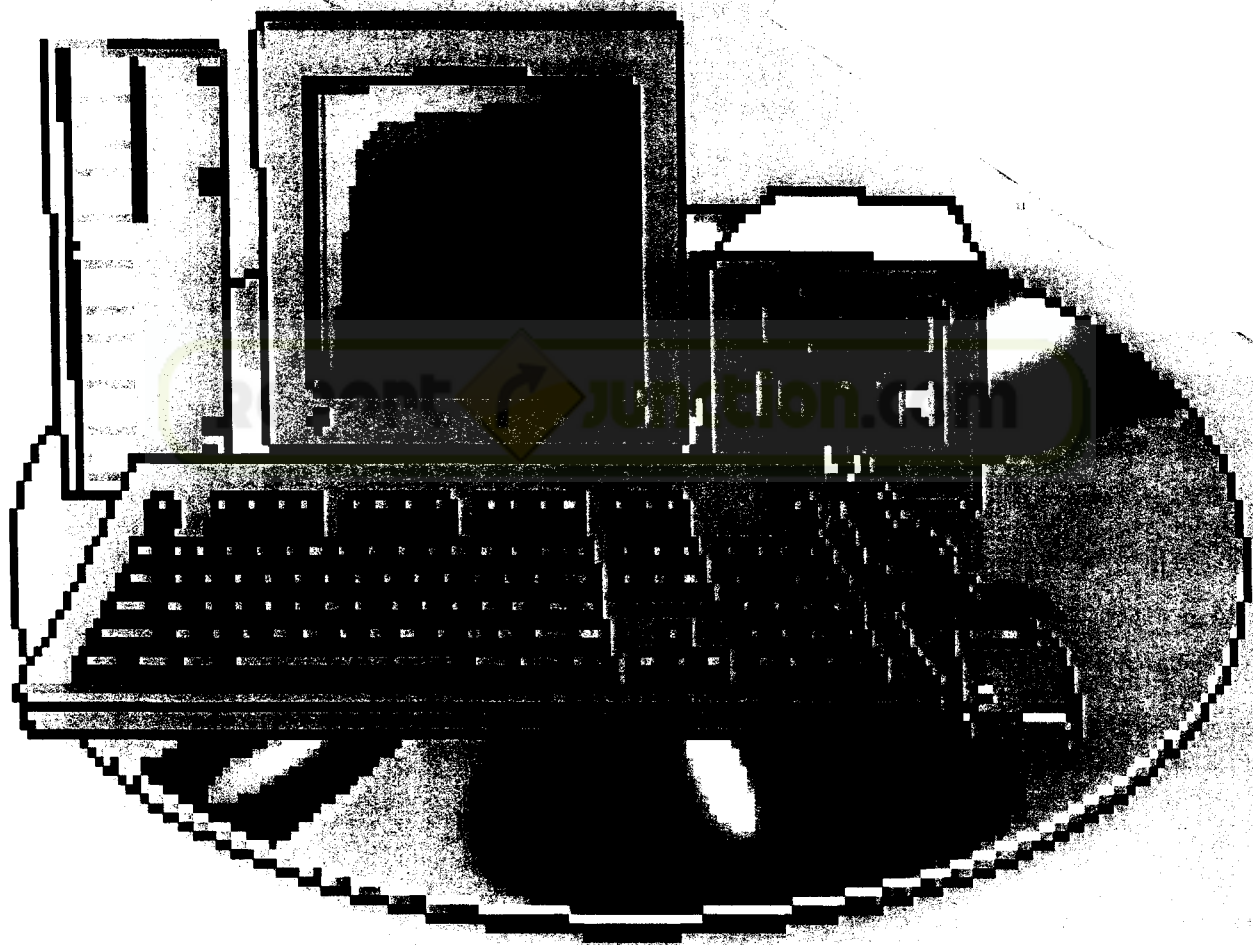




KHYATI MULTIMEDIA ENTERTAINMENT LIMITED



9TH ANNUAL REPORT YEAR 2002 - 2003

COMPANY REGN.NO : 04-24284

DATE OF INCORP : 20/01/1995

AUTHORISED CAPITAL: RS.13,00,00,000/-

KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

NINETH ANNUAL GENERAL MEETING PROGRAMME.

DATE : 30TH SEPTEMBER, 2003
DAY : TUESDAY
TIME : 9.30 A.M.

VENUE : KHYATI RESORTS,
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.

C O N T E N T S

- 1) Board of Directors and Other Information.
- 2) Notice.
- 3) Directors' Report.
- 4) Auditors' Report.
- 5) Balance Sheet.
- 6) Profit & Loss Account.
- 7) Schedules to the Balance Sheet & Profit Loss Account.
- 8) Notes to the Accounts.
- 9) Balance Sheet Abstract & Company's General Business Profile.
- 10) Cash Flow Statement pursuant to Clause 32 of the Listing Agreement.
- 11) Auditors Report to Cash Flow Statement.
- 12) Attendance Sheet & Proxy Form.

KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED.

BOARD OF DIRECTORS

Shri Kartik J Patel
Shri Jashubhai M Patel
Shri Kiritbhai C Patel
Smt. Jignaben K Patel
Shri Praful Agrawal

Chairman & Managing Director
Executive Director
Director
Director
Director

COMPANY LAW CONSULTANT

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

AUDITORS

Doctor & Patel
Chartered Accountants
58, White House,
Nr. Panchvati Char Rasta,
Navrangpura,
Ahmedabad-380 009.

BANKERS OF THE COMPANY

Punjab National Bank,
Relief Road Branch,
Relief Road, Ahmedabad 330 001

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

Bank of Baroda, Mehasana Branch, Mehasana.

REGISTRAR FOR DEPOSITORY OPERATIONS.

SHAREPRO SERVICES
Satam Industrial Estate,
3rd Floor, Above Bank of Baroda
Chakla, Andheri (East)
Mumbai.

LISTING AT

AHMEDABAD

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

ADMINISTRATIVE OFFICE

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

MUMBAI

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

REGISTERED OFFICE & RESORT

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

KHYATI MULTIMEDI-ENTERTAINMENT LIMITED.

NOTICE

NOTICE is hereby given to the Members of Khyati Multimedia-Entertainment Limited that 9th Annual General Meeting of the Members of the Company will be held on Tuesday the 30th September, 2003 at 9.30 a.m. at the Registered Office of the Company at Khyati Resorts, Village: Baliyan, Nr. Mandali, Nirma-II, Ahmedabad-Mehasana Highway, Taluka and District : Mehasana (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 31/3/2003, 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 Praful Agarwal, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
- 3) To Appoint the Auditors for the next Financial Year to hold the office as such from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

Place : Ahmedabad.

Date : 04-08-2003

By Order of the Board of Directors of
Khyati Multimedia-Entertainment Limited

Sd/
(Kartik J. Patel)
Chairman & Managing Director.

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 to be 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 at list 7 days before the meeting to enable the management to keep the information ready.
- 5) Members are requested to be 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 28/9/2003 to 30/9/2003 (Both Days Inclusive).
- 8) The Company has signed Triparty Agreement with NSDL and CDSL for Dematerialising of its Equity Shares. SEBI has announced that the company's shares will be compulsorily traded in Demate form only w.e.f. 26th February, 2001. The Equity shares are now available for Dematerialisation. The shareholders can take the timely benefits and take necessary action to dematerialise their shareholding. The ISIN allotted to your company is INE 593 B 01014

KHYATI MULTIMEDIA - ENTERTAINMENT LIMITED

DIRECTORS' REPORT

To,
The Members,
Khyati Multimedia-Entertainment Limited

Dear Shareholders

Your Directors have pleasure in presenting herewith the 9th Audited Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2003.

FINANCIAL HIGHLIGHTS.

During the financial year 2002-2003, the Financial operational results of the Company is as follows :

(Amount in Rs.)

Particulars	For the year ended on 1st March, 2003	For the year ended on 31st March, 2002
Sales & Other Income	95,95,162	12,37,03,400
Total Expenses.	2,61,31,727	12,26,69,028
Profit(Loss) Before Tax	(1,65,36,559)	10,34,372
Provision for Tax	NIL	65,000
Differed Tax	6,21,107	15,54,913
Profit/(Loss) After Tax	(1,71,57,666)	(5,85,542)
Previous Year Balance Brought Forward	(1,53,59,383)	(42,29,066)
Add: Deferred Taxation	NIL	1,05,44,775
Balance Carried to Balance Sheet	(3,25,17,090)	(1,53,59,383)

DIVIDEND

As your Company has incurred a net loss during the year under review and due to making provision for deferred tax liability the accumulated losses does not permit your directors to declare any amount as dividend to be paid.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND

Your Company has since incorporation not declared and paid any amount as Dividend hence there is no amount lying with the company as Unpaid/Unclaimed Dividend which may be required to be transferred to Investors Education and Protection Fund as required under the provisions of Section 205C of the Companies Act 1956. The Company does not have any outstanding liability for unpaid/ unclaimed interest due

on Deposits, Debentures, Share Application money or any amount of principal on that account.

SHARE CAPITAL DURING THE YEAR

During the year under review your directors have not issued any Equity or Preference shares to any persons. There has been no change in the issued, subscribed and paid up capital of the company during the year under review. Except the receipt of the Call money due and unpaid on equity shares there were no increase in paid up capital of the Company. During the year the Company had splitted up its Equity share capital from Rs.10/- face value/ paid up value per share to Rs.1/- face value/ paid up value per share w.e.f. 31/12/2002.

BUY BACK OF SHARES

Your Directors had not declared or announced or completed any procedure for Buy Back of its own shares during the year under review as per the provisions of the Section 77A, 77AA and 77B of the Companies Act 1956. Further No Buy Back of Shares if any announced in earlier years are still pending for implementation.

YEAR UNDER REVIEW

During the year under review the activities for Residential Resort was affected due to closure of Highway Restaurant and closure of Water Park facilities. These two units were not running at Break even point and hence, the Board had decided to close down these two units. The Multimedia Business Division also showed a remarkable down line in the sales. The total income from sales had decreased from Rs. 1196.83 Lacs in the previous year to Rs.86.77 Lacs only. However as your company is a new entrant in the Multimedia business and due to initial heavy long-term investment in this business your company had incurred expenditure also. During the year your company had incurred a net Operational Loss of Rs.165.36 Lacs. This was further increased to Rs.171.58 Lacs due to provisioning of deferred tax liability of Rs. 6.21 Lacs which has been carried to Balance sheet.

FUTURE OUTLOOK OF THE COMPANY.

Due to heavy operational financial losses incurred during the year under review your Company is unable to meet with its statutory liability of Interest Payment on secured loans. The Company is trying to make arrangement of reschedulement for term loan repayment with State financial institution and the Bankers. However as Sabarmati Co. Op. Bank Limited had become a defaulter and had been closed the company is now facing pressure for repayment of its dues and the management of the company are now not hopeful of getting any reschedulement for this liabilities. This position is likely to further deteriorate the financial position of the Company in coming future. The management is in search of finding out new partner for the entertainment park and resort project to overcome this situation.

**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 Company has duly paid the annual listing fees up to and including the year 2003-2004 i.e. up to 31.03.2004 on both the Stock Exchanges. The Shares of the Company are freely tradable and has not been at any time de-listed or the trading thereof has not been suspended on any of the above Stock Exchanges. The Company's application for listing 15,20,000 Equity Shares issued on Preferential Allotment Basis last year is pending for final approval of SEBI and BSE.

DEMATERIALISATION OF SECURITIES

SEBI has identified the securities of the Company for compulsory trading in the Dematerialised form w.e.f. 26th February 2001 by all investors on all the stock Exchanges. In compliance with the same and to facilitate the shareholders, the Company has already made arrangements to enter into the Triparty Agreement with NSDL and CDSL. The Investors are requested to take a note of the same and dematerialise their holdings as early as possible. The ISIN Number allotted to your company is INE 593 B 01014.

COMPLIANCE TO CODE OF CORPORATE GOVERNANCE

Your directors had in due time implemented the System of Corporate Governance within the Organisation as per the Guidelines provided in clause 49 of the Listing Agreement. Necessary quarterly compliance statements are being submitted to stock exchanges in time. However a detailed report on corporate governance is given separately in a separate Annexure B to this report.

ENVIRONMENT PROTECTION

The Company is maintaining high standards for discharge of effluents both of water and Air. All the Water park units are maintained in Highly Heigenic conditions. The Company discharges all eflutents strictly in accordance with the prevailing pollution control regulations.

INSURANCE AND PROTECTION OF ASSETS

The Company's all fixed assets and tangible movable assets are properly insured against all available commercial risks like fire, flood, earthquake and other extraneous perills from the approved insurance companies. During the year the company has not made any insurance claims and no such claims are pending for settlement. Your Directors are pleased to inform that none of the fixed assets of the company have suffered any heavy loss.

DEPOSITS

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

DIRECTORS

Shri Praful Agarwal shall retire by rotation at the ensuing Annual General Meeting. However being eligible for reappointment and as he has proposed to be appointed as Director, your directors recommend to pass the said resolution. There are no changes in the constitution of the Board of Directors of the Company during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision contained in Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm :

- A) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- B) That they 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 affair of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- C) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- D) That they have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS

Doctor & Patel, Chartered Accountants, Ahmedabad the retiring Statutory Auditors hold office of the Auditors up to the date of this Annual General Meeting as per the provisions of the Act. The Company has received a letter from the said Auditors to the effect that their appointment shall be within the limits laid down under Section 224(1B) of the Companies Act. A resolution proposing their reappointment as the regular Auditors of the company for the period from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting is required to be passed. Your directors recommend passing the said resolution.

APPOINTMENT OF INTERNAL AUDITORS.

In order to make proper compliance with the provisions of Corporate Compliance the Company had appointed M/s. Rajesh. A Jesalpura Chartered Accountants as Internal Auditors and they have been appointed as member of the AUDIT COMMITTEE of the Company.

AUDITORS OBSERVATION

The Observations made by the Auditors have been properly explained and dealt with in the relevant notes to the accounts.

ANNEXURE "A" TO THE REPORT OF DIRECTORS

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO

As required under section 217(1)(e) of the Companies Act, 1956 read with Companies Rules, 1988, information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given as under :-

POWER AND FUEL CONSUMPTION

	CURRENT 2002-2003	PREVIOUS 2001-2002
ELECTRICITY		
- Purchased		
- Total Amount Rs.		
- Rate per unit Rs.		
- Through Diesels Generators	Nil	Nil
- Total Units	Nil	Nil
- Total Amounts Rs.	Nil	Nil
- Rate per unit Rs.	Nil	Nil
Technology Absorption, Adaption & Innovation	Nil	Nil
Foreign Exchange Earnings & Outgo	Nil	Nil

ANNEXURE B TO THE REPORT OF DIRECTORS REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY OF THE BOARD ON CORPORATE GOVERNANCE

The Company believes that good corporate governance practices enable the Board to direct and control the affairs of the Company in an efficient manner. As such, the Company steps to put in place the system of Corporate Governance as per the guidelines provided in clause 49 of the Listing Agreement. Further with the formation of various committees within the organisations the Company also complies with various provisions of the Companies Act 1956 as well as SEBI and Stock Exchange requirements. Hence, as per the norms prescribed under Listing Agreement being applicable to the Company and in compliance to Section 292A of the Companies Act 1956 the company had duly complied with the code of corporate governance on 31st March, 2003.