

KHYATI MULTIMEDIA ENTERTAINMENT LIMITED

18th AUDITED ANNUAL REPORT FOR THE YEAR 2011-12

Regd. Office:

**100, Chinubhai Towers, Opp: Handloom House,
Ashram Road, Navrangpura, Ahmedabad: 380 009.**

Telephone: 91-079-26582983 (F) 91-079-26584335

E-Mail: khyatimulti@yahoo.com

Website : www.khyatimultimedia.com

CIN: L92199GJ1995PLC024284
COMPANY REGN NUMBER: 04-24284
NOMINAL SHARE CAPITAL: Rs.13,00,00,000/-

DATE OF: 20/01/1995
INCORPORATION;

KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

EIGHTEENTH ANNUAL GENERAL MEETING - PROGRAMME.

DATE : 29TH SEPTEMBER, 2012
DAY : SATURDAY
TIME : 04.00 P.M.
VENUE : REGISTERED OFFICE OF THE
COMPANY AT :
100, Chinubhai Towers, Opp: Handloom House
Ashram Road, Navrangpura,
Ahmedabad: 380 009.

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.

CONTENTS:

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

BOARD OF DIRECTORS

Shri Kartik J. Patel	Chairman & Managing Director
Shri Rao Kamalkant	Director
Shri Praful Agrawal	Director
Shri Arvindkumar Prajapati	Director

COMPANY SECRETARY.

Mr. Laljibhai L Vora.

ACTING IN ADVISORY NATURE ONLY TO VARIOUS COMMITTEES OF CORPORATE GOVERNANCE

Secretarial and Corporate Legal Matters

Shri Kamlesh. M. Shah & Co.,
(Practicing Company Secretary)

Finance, Audit and Taxation Matters

M/s. Khandhar & Co.,
Chartered Accountants

BANKERS OF THE COMPANY

Punjab National Bank, Relief Road Branch, Ahmedabad – 380001.
The Sabarmati Co-op. Bank Ltd., Vadaj Branch, Ahmedabad – 380014.
HDFC Bank Limited, Navrangpura Branch, Ahmedabad: 380 009.

REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13/A-B, Ahimsa Warehousing Corporation
Near Telephone Exchange, Sakinaka,
Andheri Kurla Road, Sakinaka,
Mumbai

Auditors

D J N V & CO.
Chartered Accountants
Ahmedabad

Company Law Consultants

M/s. Kamlesh M Shah & Co.,
Practicing Company Secretary
Ahmedabad

REGD. OFFICE

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

INVESTORS GRIEVANCE AND COMPLIANCE OFFICER:

Kartik. J. Patel,
Chairman And Managing Director
100, Chinubhai Towers, Opp: Handloom House,
Ashram Road, Navrangpura,
Ahmedabad: 380 009.

NOTICE

NOTICE is hereby given to the Members of Khyati Multimedia Entertainment Limited that **18th Annual General Meeting** of the Members of the Company will be held on Saturday the 29th September, 2012 at 04.00 P.M. at the Registered Office of the Company at 100, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 to transact the following Business.

ORDINARY BUSINESS :

1. To Receive, Consider, Approve and Adopt the Audited Statement of Account i.e. The Audited Balance Sheet as at 31/03/2012, 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 Mr.Rao Kamalkant, who retires by rotation and being eligible offers himself for reappointment.
3. To Appoint a Director in place of Mr.Arvindkumar Prajapati, who retires by rotation and being eligible offers himself for reappointment.
4. To Appoint M/s. D J N V & CO., Chartered Accountants, as the Statutory Auditors for the next Financial Year to hold the office as such from the conclusion of this Annual General Meeting up to the date of next Annual General Meeting and to fix their remuneration.

NOTES

- i) A Member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of him and that a Proxy need not be a member of the Company.
- ii) 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 no less than 48 hours before the time fixed for the meeting.
- iii) Members desiring any information as regards account are requested to write to the company at least 7 days before the meeting to enable the management to keep the information ready.
- iv) Members are requested to intimate any change in their registered addresses if any directly at the Registered Office of the Company at their address mentioned elsewhere in this report.
- v) The Register of members and share transfer books of the company shall remain closed on 25/09/2012 to 29/09/2012 (Inclusive of Both Days). For the purpose of Annual General Meeting as per requirements of section 154 of the Companies Act 1956 and in compliance to Listing Agreement with stock exchanges.

DATE: 4th SEPTEMBER, 2012
PLACE: Ahmedabad.

By Order of the Board of Directors
Of Khyati Multimedia Entertainment Limited
Sd/-
(Kartik J. Patel)
Chairman And Managing Director.

DIRECTORS' REPORT

To,
The Members,
KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

Dear Shareholders,

Your Directors have pleasure in presenting herewith the 18th Audited Annual report of your Company for the financial year ended on 31st March 2012.

FINANCIAL HIGHLIGHTS:

During the year under review the financial performance of the Company is as under:

(Amount in Rupees)		
Particulars.	For the Year Ended on 31/03/2012	For the Year Ended on 31/03/2011
Gross Income	337248	812455
Total Expenses	702662	3329359
Provision for Depreciation	155781	374400
Profit Before Tax	-521195	-2891304
Income Tax for Current Year.	NIL	NIL
Provision for Deferred Tax.	21974	17073
Adjustment of I. tax Of Earlier years	335979	204528
Net Profit / (Loss) for the Year	-879148	-3112905
Previous year Balance B/f.	-118414656	-115301751
Total Loss Transferred to Balance Sheet.	119293804	118414656

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.

UNPAID/UNCLAIMED DIVIDEND

The Company does not have any outstanding unpaid/unclaimed dividend which is required to be transferred to the Investors Education and Protection funds as per the provision of Section 205C of the Companies Act, 1956. The Company does not have any outstanding liability on account of Interest and Principal of Deposits, Debentures or Share Application Money.

SHARE CAPITAL STRUCTURE

There was no change in Authorized Capital, Issued Capital, Subscribed and Paid-up Capital of the Company during the year.

BUY BACK OF EQUITY SHARES

The Company had not made any Buy Back of its paid up equity shares during the year in terms of section 77A, 77AA and 77B of the Companies Act 1956. Hence no specific disclosure is required to be made in this report.

YEAR UNDER REVIEW

The Company has earned a Total income of Rs.337,248 (Previous year it was Rs 812,455/-). After all Administrative Expenditure and Depreciation of Rs 858,443 (Previous year Rs. 3,703,759/-) the company has suffered a gross operational loss of Rs. 521,195 /- (Previous year gross loss of Rs. 28,91,304/-). After making necessary adjustments for Deffered Tax, Your Company had a Net loss for the year transferred to balance sheet is Rs.879,148 /- (Previous year loss of Rs. 31,12,905/-).

SETTLEMENT/ LIQUIDATION OF FINANCIAL LIABILITIES

The company has reached the stage of loss of pick net worth by more than 50%. It is a sick company as per audited balance sheet for the current year. The company has sold its entire real estate i.e. fixed assets, with the consent of its bankers, financial institutions in order to liquidate their dues which are cleared with their consent. The company has Accumulated losses at the end of the financial year.

FUTURE BUSINESS PLANS

During the year Company is planning to find Business Opportunities to enable it to carry on the business of real estate developers. For the purpose company has acquired, land blocks in the city of Ahmedabad for development of multiplex theatre and shopping complex.

DEMATERIALISATION OF SECURITIES

Your Company's equity shares are already admitted in the System of Dematerialization by both the Depositories namely NSDL and CDSL. The Company has already signed tripartite Agreement through Registrar and Share Transfer Agent M/s. Sharepro Services. The Investors are advised to take advantage of timely dematerialization of their securities. The ISIN allotted to your Company is INE 593B01014. The total shares dematerialised upto 30/06/2012 are 8,666,058. The share holders who have not demated are requested to demat their shares immediately.

COMPLIANCE TO CODE OF CORPORATE GOVERNANCE

The Complete Report on Corporate Governance is given separately after this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and perceptions on existing business, future out look of the industry, future expansion and diversification plans of the Company and future course of action for the development of the Company are fully explained in a separate Para in Corporate Governance Report in Annexure-A forming part of this report and also report on Corporate Governance.

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. The Deposits were accepted from the Directors are exempt as per the provisions of Section 58A of the Companies Act 1956.

DIRECTORS

During the year under review Shri Rao Kamalkant and Shri Arvindkumar Prajapati shall retire by rotation at the ensuing Annual General Meeting as provisions of Law. They are eligible for reappointment as director and has offered themselves for directorship of the company. Hence, your directors recommend reappointing them by passing resolutions.

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, **as far as possible and except the to extent if any accounting standards mentioned by the auditors in their report as not complied with** the applicable accounting standards has been followed and no material departure has 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

M/s. D J N V & Co., present Statutory Auditors of the company have given their letter of consent and confirmation under section 224(1B) the Companies Act 1956 for reappointment as Statutory Auditors of the Company. Necessary Resolution making their appointment as the Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

INTERNAL AUDITORS

In order to make proper compliance with the provisions of Corporate Governance the company has established in house internal Audit Department which is functioning under the close supervision and direction of the Audit Committee and also taking expert guidance/ advise of the Internal Auditors M/s. Khandhar And Co., Chartered Accountants from to time to time.

AUDITORS OBSERVATION

Auditor observed that the Company has not deposited the Provident fund amounting to Rs 200750/- in the respective account for which it was clarified that the matter is under dispute and after the final satisfaction of the dispute it will be deposited. There are no other observations made by the Auditors in their report. However notes to the Accounts itself are clarificatory and self explanatory in the nature.

FORMATION OF AUDIT COMMITTEE

In compliance to the Provisions of Section 292A of the Companies Act 1956 and clause 49 of the Listing Agreement on Corporate Governance in part, your directors have already formed an Audit Committee within the organization consisting of 3 independent directors, an advisor (Chartered Accountants) to internal audit Department and Practicing Company Secretary as advisors to the company. The area of operations and functional responsibilities assigned to the committee are as per the guidelines provided in Clause 49 of the Listing Agreement for implementation of code of corporate governance. The committee meets at least once in a quarter and gives its report of each meeting to the Board for its approval, record and information purpose.

EMPLOYEES

There are no employees of the company who were in receipt of the remuneration of Rs.24,00,000/- in the aggregate if employed for the year and in receipt of the monthly remuneration of Rs. 2,00,000/- in the aggregate if employed for a part of the year under review. Hence the information required under Section 217 (2A) of the Companies Act, 1956 being not applicable are not given in this report.

STATUTORY INFORMATION

The Information required to be disclosed in the report of the Board of Directors as per the provisions of Section 217 (1)(e) of the Companies Act-1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding the conservation of energy, technology absorption, foreign exchange earnings and outgo, as the company was totally non operational for its main business activities of water park resort and multimedia operations, the same data are not applicable to the company for the current year hence are not given herewith.

MATERIAL CHANGES

Except the information given in this report there are no material changes have taken place after completion of the financial year up to the date of this report which may have substantial effect on business and finances of the company.

APPRECIATION

Your Directors take this opportunity to acknowledge the trust reposed in your company by its Shareholders, Bankers and Clients. Your Directors also keenly appreciate the dedication & commitment of all our employees, without which the continuing progress of the company would not have been possible.

DATE : 4th September, 2012
PLACE: Ahmedabad.

On Behalf of the Board of Directors
Of Khyati Multimedia Entertainment Limited

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

REPORT ON CORPORATE GOVERNANCE

MANAGEMENT PERCEPTION 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 the various committees within the organizations, 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 2012.

BOARD COMPOSITION

Name of the Director	Designation	Type	Executive / Non Executive
Mr. Kartik J. Patel	Chairman & Managing Director	Promoter & Exec Dir.	Executive
Mr. Praful Agarwal	Director	Independent Director	Non Executive
Mr. Kamal Kant Rao	Director	Independent Director	Non Executive
Mr. Arvind Kumar Prajapati	Director	Independent Director	Non Executive

COMPOSITION OF COMMITTEES

A. AUDIT COMMITTEE

	Name	Type
1	Shri Kamalkant Rao.	Chairman
2	Shri Kartik. J. Patel	Member
3	Shri Alpesh. K. Patel*	Finance Controller
4	Shri Kamlesh M. Shah*	Company Secretary to act as secretary to committee

B INVESTOR GRIEVANCE COMMITTEE

	Name	Type
1	Shri Kartik J. Patel	Chairman
2	Shri Arvind D Prajapati	Member
3	Shri Kamlesh M. Shah *	Company Secretary to act as Secretary

*(In the Advisory capacity only)

NO. OF BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR:

Name of the Committee	No. of Meetings held
Board	6
Audit Committee of Board	5
Investor Grievance Committee	12

ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS:

	Name of the Director	Board Meeting	ACB Meeting	IGCB Meeting
1	Mr.Kartik J. Patel	6	5	12
3	Mr. Kamal Kant Rao	6	5	-
4	Mr. Arvind D Prajapati	6	-	12
5	Mr. Praful Agarwal	6	-	-

DIRECTORS PRESENT AT THE LAST ANNUAL GENERAL MEETING DATED 29TH SEPTEMBER 2011

1	Shri Kartik J. Patel	Chairman & Managing Dir.
2	Shri Praful J. Agarwal	Director
3	Shri Kamal Kant Rao	Director

DETAILS OF ANNUAL GENERAL MEETINGS HELD DURING THE LAST 5 FINANCIAL YEARS

- | | |
|-----------------------|--|
| 1. September 29, 2007 | 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 |
| 2. September 30, 2008 | 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 |
| 3. September 30, 2009 | 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 |
| 4. September 29, 2010 | 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 |
| 5. September 30, 2011 | 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 |

FUNCTIONS OF AUDIT COMMITTEE:

The Audit Committee is headed by Shri Kmalkant. Rao as Chairman and includes other director namely Shri Kartik. J. Patel. The Committee is regularly giving feed back on daily financial and accounting position of the company to the Board. In addition thereto the company has also appointed Mr. Alpesh. K. Patel, Finance Controller of the Company to see the execution of the