



8 TH ANNUAL REPORT 2001-2002

**KHYATI MULTIMEDIA
ENTERTAINMENT LIMITED**

**KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED
EIGHTH ANNUAL GENERAL MEETING PROGRAMME.**

DATE : 30TH SEPTEMBER, 2002
DAY : MONDAY
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.

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- 11) Auditors Report to Cash Flow Statement.
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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 380 001

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

Bank of Baroda, Mehsana Branch, Mehsana.

SHARE TRANSFER AGENT

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

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
Kamdheni 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 Multimedia-Entertainment that 8th Annual General Meeting of the Members of the Company will be held on Monday the 30th September, 2002 at 9.30 a.m. at the Registered Office of the Company at Khyati Resorts, Village: Baliyan, 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 31/3/2002, 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 Jashubhai M Patel, 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.

SPECIAL BUSINESS:

- 4) To Consider and if thought fit to pass with or without modification following resolution as Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 260 and all other provisions of the Companies Act 1956 as also subject to the relevant provisions of the Articles of Association of the Company Shri Kiritbhai C Patel a Director of the company be and is hereby appointed as Director of the Company whose term

of office is liable for determination to retire by rotation.

- 5) To Consider and if thought fit to pass with or without modification following resolution as Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 260 and all other provisions of the Companies Act 1956 as also subject to the relevant provisions of the Articles of Association of the Company Smt. Jignaben. K. Patel a Director of the company be and is hereby appointed as Director of the Company whose term of office is liable for determination to retire by rotation.

Place : Ahmedabad
Date : 19TH AUGUST.2002

By Order of the Board of Directors
of Khyati Multimedia-Entertainment Ltd
Sd/
(Kartik J. Patel)

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FOLLOWING EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT 1956 SETS OUT AND DISCLOSES FULL MATERIAL INFORMATION RELATING TO EACH OF THE BUSINESS MENTIONED UNDER THE HEAD SPECIAL BUSINESS IN THE NOTICE CONVENING 8TH ANNUAL GENERAL MEETING.

ITEM NO. 4 & 5, APPOINTMENT OF SHRI KIRITBHAI C. PATEL AND SMT. JIGNABEN K. PATEL AS DIRECTOR OF THE COMPANY. The Board of Directors of the Company have in order to make compliance with the provisions of Clause 49 of the Listing Agreement for implementation of Corporate Governance within the Organisation had on 1st December 2001 appointed Shri Kiritbhai C Patel and Smt. Jignaben K Patel as directors of the Company. On that date Mr. Rajiv R Parikh had resigned from the Board as Director.

The board will be much benefited by the business and administrative experience and knowledge of the new directors also. As per the provisions of Section 260 of the Companies Act 1956 these directors holds office as such only up to the date of this Annual General Meeting. However they are eligible for reappointment as director and the company has also received notices in writing from some members proposing their candidature alongwith requisit fees as per the law. Your directors recommend to pass the resolutions with requisit majority.

Mr. Kartik J Patel and Mr. Jashubhai M Patel are relative of Smt. Jignaben. K Patel. No director of the Company is relative of Mr. Kiritbhai C Patel. Except the above facts, no director of the Company may be deemed to be concerned or interested in the proposed resolution.

Place: Ahmedabad
Date : 19TH AUGUST.2002

**By Order of the Board of Directors
of Khyati Multimedia-Entertainment Ltd
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 atleast 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 26/9/2002 to 30/9/2002 (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 share holding. The ISIN allotted to your company is INE 593 B 01014.
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DIRECTORS' REPORT

To,
The Members,
Khyati Multimedia-Entertainment Limited

Dear Shareholders,

Your Directors have pleasure in presenting here with the 8th Audited Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2002.

FINANCIAL HIGHLIGHTS.

During the financial year 2001 - 2002, the Financial operational results of the Company is as follows :

(Amount in Rs.)

Particulars	For the year ended on 31st March, 2002	For the year ended on 31st March, 2001
Sales & Other Income	12,37,03,400	4,16,88,748
Total Expenses.	12,26,69,028	3,95,27,153
Profit(Loss) Before Tax	10,34,372	21,61,595
Provision for Tax	65,000	Nil
Deffered Tax	15,54,913	NIL
Profit/(Loss) After Tax	(5,85,542)	21,61,595
Previous Year Balance Brought Forward	(42,29,066)	(63,99,661)
Balance Carried to Balance Sheet	(48,14,608)	(42,29,066)

DIVIDEND

As your Company has not earned profit due to provisioning of tax liability and Deffered Tax Liability during the year under review, your directors regret for their inability to declare any amount as dividend to be paid.

TRANSFER OF UN PAID / UN CLAIMED 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 205 C of the Companies Act 1956.

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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.

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 WaterPark facilities. These two units were not running at Break even point and hence, the Board had decided to close down these two units. However, the Multimedia Business Division showed a remarkable growth in the sales growth. The total income from sales had increased from just Rs.403.30 Lacs in the previous year to Rs.1196.83 Lacs showing a 300 % rise in sales and other income had also increased from Rs.13.60 Lacs to Rs.40.20 Lacs a further 300 % rise in Income. However as your company is a new entrant in the Multimedia business and due to initial heavy longterm investment in this business your company had incurred expenditure also. Eventhough your company had earned an Operational Profit after depreciation of Rs.10.34 Lacs. But due to recent amendment in the Income Tax Act the Provision of Deferred Tax Liability was required to be made higher of an amount of Rs.15.55 Lacs thus your company had incurred a net Loss of Rs. 5.86 lacs during the year against the net profit of Rs.21.62 lacs in the previous year.

FUTURE OUTLOOK OF THE COMPANY.

Recent announcement of Opening up of the Media Sector including the Print Media for Foreign Direct Investment by the Foreign Companies in India will play a great role in the development and expansion of the Multimedia business activities of the Company. In line with the same your directors are planing to enter the business of Print Media like printing and publication of Film and TV Serial Magazines, Entertainment Magazines, Sports Magazines, Weekly & Bi-weekly Magazines, News Letters for specific industry, further development of Multimedia business activities like development of Entertainment complexes, Business Development centres with E-Business enable infrastructure in the developing parts of the North Gujarat like Mehsana having main business center in Ahmedabad with branch offices at Mumbai, Chennai, Banglore and Hyderabad. Your directors are also planning to raise further equity investment in this sector by making preferential issue of equity shares to foreign / Indian Joint venture partner for this "new business activities. This issue will be made at appropriate time "after obtaining all requisit approvals from Shareholders, SEBI, FIPB, "RBI, Stock Exchanges and such other authorities as may be required or "necessary. The modalities and structure of capital funding of this new "business venture is under active consideration of the Board.

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 2002-2003 i.e. upto 31.03.2003 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.

The Company's application for listing 15,20,000 Equity Shares issued on Preferential Allotment Basis last year is pending for final approval due to partly paid up equity shares and calls in arrears still pending as per SEBI guidelines.

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 in to 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 before 31/3/2002 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

During the year on 1st December 2001 Shri Rajiv R. Parikh, Director of the Company had resigned due to his preoccupation in other business engagements. On the same day the Company had appointed Mr. Kiritbhai C Patel and Smt. Jignaben. K. Patel as Directors of the Company. They hold the office as director only up to the date of the ensuing Annual General Meeting. Necessary resolutions for their regular appointment are proposed in the next Annual General Meeting. Your directors recommend to pass the same.

Shri Jashubhai M Patel 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.

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 judgements 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 to pass the said resolution.