

KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED.

**15TH AUDITED ANNUAL REPORT
FOR THE YEAR 2008-09**

COMPANY REGISTRATION NO: 04-024284

CIN NO: U92199GJ1995PLC024284

Registered with Registrar of Companies, Gujarat State

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KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

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

CIN: U92199GJ1995PLC024284
COMPANY REGN NUMBER: 04-24284
NOMINAL SHARE CAPITAL: Rs. 13, 00, 00,000/-

DATE OF: 20/01/1995
INCORPORATION;

KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

FIFTEENTH ANNUAL GENERAL MEETING - PROGRAMME.

DATE : 30TH SEPTEMBER, 2009
DAY : WEDNESDAY
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 along with Explanatory statement pursuant to provisions of Sec 173(2) of the Companies Act 1956
- 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 Jashubhai M. Patel	Whole-Time Director
Shri Kiritbhai C. Patel	Director
Smt. Rao Kamalkant	Director
Shri Praful Agrawal	Director
Shri Arvindkumar Prajapati	Director

**ACTING IN ADVISORY NATURE ONLY TO VARIOUS COMMITTEES OF
CORPORATE GOVERNANCE**

Secretarial and Corporate Legal Matters

Shri Kamlesh. M. Shah
(Practicing Company Secretary)

Finance, Audit and Taxation Matters

M/s. Khandhar & Parikh.
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
Satam Industrial Estate,
3rd Floor, Above Bank of Baroda,
Chakala, Andheri (East),
Mumbai

Auditors

M/s. Khandhar & Parikh
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 **15th Annual General Meeting** of the Members of the Company will be held on Wednesday the 30th September, 2009 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 31/03/2009, 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. Kiritbhai Patel, who retires by rotation and being eligible offers himself for reappointment.
3. To Appoint a Director in place of Mr. Jasubhai Patel, who retires by rotation and being eligible offers himself for reappointment.
4. To Appoint a Director in place of Mr. Kartikbhai Patel, who retires by rotation and being eligible offers himself for reappointment.
5. To Appoint M/s. Khandhar and Parikh, 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.
6. To Appoint Mr. Rao Kamalkant and Mr. Arvind Prajapati as Directors of the company.

ORDINARY RESOLUTION

1. RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable Provision, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Rao Kamalkant, who was appointed as an Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a director of the company liable to retire by rotation.
2. RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable Provision, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Arvind Prajapati, who was appointed as an Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a director of the company liable to retire by rotation.

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 25/09/2009 to 30/09/2009. 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: 25th AUGUST 2009.

PLACE: Ahmedabad.

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

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DIRECTORS' REPORT

To,
The Members,
KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

Dear Shareholders,

Your Directors have pleasure in presenting herewith the Fifteenth Audited Annual report of your Company for the financial year ended on 31st March 2009.

FINANCIAL HIGHLIGHTS:

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

Particulars.	(Amount in Rupees)	
	For the Year Ended on 31/03/2009	For the Year Ended on 31/03/2008
Gross Income	31,48,710	71,16,756
Total Expenses	22,06,740	6,40,85,846
Profit /(Loss) Before Depreciation & Tax	9,41,970	(5,69,69,090)
Provision for Depreciation	3,26,991	1668098
Profit Before Tax	(1,23,521)	(5,86,37,188)
Provision for Tax	0	NIL
Excess Income Tax Provision P.Y	0	NIL
Provision for FBT	0	NIL
Net Profit / (Loss) for the Year	(1,23,521)	(5,86,37,188)
Deferred Tax Assets (Previous year liabilities)	1,16,055	5,66,977
Net Loss for the Year.	(1,23,521)	(5,86,37,188)
Previous year Balance B/f.	1,16,055	5,66,977
Total Loss Transferred to Balance Sheet.	(7,466)	(5,80,70,211)

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 on Deposits, Debentures or Share Application Money.

SHARE CAPITAL STRUCTURE

In the last Annual General Meeting, Shareholders had approved consolidation of shares of Rs. 1 each face/paid-up value into 1 equity share of Rs. 10/- each. Accordingly number of shares has reduced by 1/10th. However, there was no change in total value of Issued, Subscribed and Paid up Share Capital Structure of the Company.

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

During the current year also 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 resort could not run these two units. During the year under review company has not achieved any sales from the multimedia division. However it has earned a Total income of Rs. 31,48,710/- (Previous year it was Rs 71,16,756/-). After all Administrative Expenditure and Depreciation of Rs 25,33,731 (Previous year Rs. 6,57,53,944/-) the company has suffered a gross operational loss of Rs. 1,23,521 /- (Previous year gross loss of Rs. 5,86,37,188/-). After making necessary adjustments for Deffered Tax, Fring Benefit Your Company had a Net loss for the year transferred to balance sheet is Rs.7,466 /- (Previous year loss of Rs. 5,80,70,211/-).

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 during the year. Due to sale of assets, the company's accumulated losses during the year have reached at Rs. 11, 42, 93,124.

FUTURE BUSINESS PLANS

During the year company has altered its main object clause so as 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.

INSPECTION UNDER SECTION 209

During the year there was inspection carried out by the Deputy Director (Inspection) from the office of the Regional Director of Ministry of Corporate Affairs under section 209 of the Companies Act, 1956. Inspecting officer had observed some violations of the Act. The Alleged offences/violations are compoundable in nature under companies Act. The Company and its Directors/ officers in default have made application For Compounding to Company Law Board/Regional Director.

DEMATERIALIZATION 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 30/06/2009 are 86,62,558. 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 Kiritbhai Patel, Shri Jasubhai Patel and Shri Kartikbhai Patel 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. In addition to this during the year Mrs. Jignaben Patel has resigned from the board and Mr. Rao Kamalkant & Mr. Arvind Prajapati are appointed as Additional Directors.

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 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. Khandhar & Parikh., 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 statutory Auditors M/s. Khandhar And Parikh, 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 was 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 : 25th August, 2009
PLACE: Ahmedabad.

On Behalf of the Board of Directors
Of Khyati Multimedia Entertainment Limited
Sd/-

(Kartik J. Patel)
Chairman And Managing Director

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