

**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**

**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 : 30<sup>TH</sup> 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.

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**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,  
3<sup>rd</sup> 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 15<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Wednesday the 30<sup>th</sup> 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: 25<sup>th</sup> AUGUST 2009.

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 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:

(Amount in Rupees)

Particulars.	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 1/10<sup>th</sup>. 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.

#### **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 30/06/2009 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 : 25<sup>th</sup> August, 2009  
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 31<sup>st</sup> March 2009.

### BOARD COMPOSITION

Name of the Director	Designation	Type	Executive / Non Executive
Mr. Kartik J. Patel	Chairman & Managing Director	Promoter & Exec Dir.	Executive
Mr. Jashubhai M. Patel	Executive Director	Promoter & Exec Dir.	Executive
Mr. Praful Agarwal	Director	Independent Director	Non Executive
Mr. Kiritbhai C. Patel	Director	Independent Director	Non Executive
Mrs. Jignaben K. Patel	Director	Independent Director	Non Executive

### COMPOSITION OF COMMITTEES

#### A. AUDIT COMMITTEE

	Name	Type
1	Shri Jashubhai M. Patel	Chairman
2	Shri Kiritbhai C. Patel	Member
3	Smt Jignaben K. Patel	Member
4	Shri Alpesh. K. Patel*	Finance Controller
5	Shri Kamlesh M. Shah*	Company Secretary to act as secretary to committee

#### INVESTOR GRIEVANCE COMMITTEE

	Name	Type
1	Shri Jashubhai M. Patel	Chairman
2	Shri Kiritbhai C. Patel	Member
3	Smt Jignaben K. Patel	Member
4	Shri Kamlesh M. Shah *	Company Secretary to act as Secretary
5	Shri Raju. D. Patel*	Advocate

\*(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	4
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	-	-
2	Mr. Jashubhai M. Patel	6	4	12
3	Mr. Kiritbhai C. Patel	6	4	12
4	Mrs. Jignaben K. Patel	6	4	12
5	Mr. Praful Agarwal	6	-	-

**DIRECTORS PRESENT AT THE LAST ANNUAL GENERAL MEETING DATED 30TH SEPTEMBER 2008**

1	Shri Kartik J. Patel	Chairman & Managing Dir.
2	Mr. Jashubhai M. Patel	Executive Director
3	Shri Kirit C. Patel	Director

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

1. September 30, 2004 Khyati Resorts, Vill – Baliasan, Near Nirma Mandali – II, Ahmedabad – Mehsana Highway, Dist – Mehsana.
2. October 31, 2005 Khyati Resorts, Vill – Baliasan, Near Nirma Mandali – II, Ahmedabad – Mehsana Highway, Dist – Mehsana.
3. September 30, 2006 Khyati Resorts, Vill – Baliasan, Near Nirma Mandali – II, Ahmedabad – Mehsana Highway, Dist – Mehsana.
4. September 29, 2007 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009
5. September 30, 2008 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009

**FUNCTIONS OF AUDIT COMMITTEE:**

The Audit Committee is headed by Shri Jashubhai M. Patel as Chairman and includes other director namely Shri Kirit C. Patel and Smt. Jignaben K. 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 entire accounts, finance functions of the company He also

seek advice of independent professional persons as advisors on the committee i.e. Ms. Khandhar & Parikh and Mr. Kamlesh M. Shah a Practicing Company Secretary from time to time. The role of professional advisors has been of an Advisory nature. They do not take part in the proceedings of the committee. However they are giving their expert guidance on making compliance with the Accounting Standards, Financial transactions and accounting and Taxation matters, Company Law and other Corporate Legal Matters etc.

The Committee meets at least once in every quarter and prepare its minutes on the proceedings and business discussed, transacted. All committee Reports and minutes are placed before the Board in all its meetings for information, guidance, directions and taking the same on record.

Other functions, powers, duties etc. of the committee are defined taking in to account the legal provisions of the Listing Agreement and the same are kept flexible to be decided by the Board from time to time.

#### **ESTABLISHMENT OF THE INTERNAL AUDIT SYSTEM**

The company has already established the Internal Audit System under the Chairmanship of the Audit Committee. The Managing Director and the Chief Financial Officer of the company both are jointly responsible for giving full accounts to the committee including to carry out any suggestions of the committee. The audit system ensures proper financial control and accounting of the transactions as per the established accounting standards.

#### **FUNCTIONS OF INVESTORS SERVICES COMMITTEE**

This Committee looks in to all aspects and business related to Shares and retail investors. The Committee also looks after the Dematerialization process of equity shares.

The Committee is also empowered to keep complete records of Shareholders, Statutory Registers relating to Shares and Securities, maintaining of the complete records of Share Demated, Investors Grievances and complaints received from investors and also from various agencies. The Committee has also appointed Mr. Raju. D. Patel, Advocate, to look after the legal cases and problems relating to the investors, shares etc.

The Committee meets every month to approve all the cases of shares demate, transfer, issue of duplicate and resolution of investors complaints, submission of information to various statutory authorities like NSDL/CDSL, SEBI, Stock Exchanges, Registrar of Companies periodically and from time to time.

Other functions, roles, duties, powers etc. have been clearly defined in line with the Clause 49 of the Listing Agreement and are kept flexible for modification by the Board from time to time.

#### **PASSING OF THE RESOLUTIONS BY POSTAL BALLOT SYSTEM**

The Company had not passed any resolution by means of Postal Ballot at the last Annual General Meeting. The Company had during the financial year not passed any resolutions by means of Postal Ballot system.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

(a) **PRESENT STRENGTH OF THE COMPANY**

The company has made extensive efforts in developing various products used in multimedia and entertainment sectors. The company has strong fixed assets base in the form of land, resort building, developed garden and Water Park, restaurant area for use as resort, hotel business by tourism industry.

(b) **FUTURE OUT LOOK**

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.

(c) **COMPANY'S ACTION PLAN**

The management of your company is trying to identify and explore all the available possibilities for smooth marketing of the products of multimedia and entertainment sectors with best available remunerative prices and also provide after sales service. The company after liquidation of its financial liabilities will renovate and modernize its resort facilities to make the same of international standards so that time-share marketing concept business can well be developed for the company.

The management is also in process of exploring the possibilities of having suitable tie up for Business Process Out sourcing with the Overseas Bodies and generates good remunerative earnings.

**WHISTEL BLOWER POLICY**

**A. OVER COMING BARRIERS OF CURRENT OPERATIONS**

This system is established under the chairmanship of Shri Kartik J. Patel (Managing Director) and he will be further assisted by chief operational officer ( COO) and chief financial officer (CFO) Mr. Alpesh. K. Patel. The company's operational department ensures whistle blower upon failure / shut down or breaks down of manufacturing, supply systems and service utilities of its resort project division. Upon such intimation the company has established the UPS systems for overcoming power failure problems, has established data back up systems on CDs, and is also in the process of hiring the data warehouse for retrieval of the information.

The CFO blows the whistle upon any possible financial crunch or over/extensive financial liabilities. The short term financial management system ensures overcoming any unforeseen liabilities through overdrafts on deposits or temporary borrowing on Inter Corporate deposits basis. The long term financial planning ensures productive use of long term financial funds. The company as far as possible ensures making separation in usage of short term and long term funds.

**B. POSSIBLE THREATS TO FINANCIAL SYSTEMS**

The company operates in a multimedia and entertainment industry wherein the company is required to make heavy financial investment in products, high cost of manpower which are basically in the nature of revenue (Short Term) but the product being generated is of long term usage and can be marketed over the years which generates revenue in years. Further the company also faces threats of possible shortage of short term funds due to non completion of final products or delay in completion of the final products.

**C. MANAGEMENT'S ACTION PLANS  
(TO OVERCOME POSSIBLE SYSTEM FAILURES)**

These are the areas which are difficult for any management to overcome and control. Even though the company's HRD and technical department ensures performance appraisal of manpower which to some extent help in eliminating this risk.

**DISCLOSURES**

**A) MATERIALLY RELATED PARTY TRANSACTIONS:**

Name of the Related party & description of the relationship

A. Khyati Finance

B. Jignaben Patel.

Name of the related party	Nature of relationship	Nature of Transaction	Year ended 2009
Khyati Finance	HUF of director	Interest received on loan	1424776
Jignaben Patel	Director	Rent Paid	114000

**B) DETAILS OF NON-COMPLIANCE**

No penalties imposed on the company or any of its directors by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**MEANS OF COMMUNICATIONS**

**AJ ESTABLISHMENT OF INTERNAL MANAGEMENT INFORMATION SYSTEMS**

The company has established the Management Information System (MIS) whereby each and every functional department submits their performance reports and any type, nature, description of problems to their Functional heads. The functional heads have autonomy for redressal of problems and HRD problems or functional problems at their own level. Any problems requiring policy decisions are being intimated to Audit Committee for redressal or amendments in the policy and procedures. The progress reports are being regularly on monthly basis intimated to the Audit Committee through the Financial Officer of the company who in turn put the same to Audit Committee meetings. All the Investors' grievances or share department related queries are addressed to the Compliance Officer who in turn put the same before the Investors' Grievances Committee.

**Bj INFORMATION SYSTEM BETWEEN COMMITTEES AND THE BOARD**

Both Audit Committee and Investors' Grievances Committees receive periodical regular information from the concerned functional heads, after resolutions of all the problems communicate back the same to functional heads for further communications. The progress report and minutes of all meetings held of both the committees are being placed before the Board for information and taking the same on records.

## C) INFORMATION SYSTEM BETWEEN THE COMPANY AND INVESTORS

The company is regularly taking on record the unaudited financial results on quarterly basis as per requirements of the Clause 41 of the Listing Agreement and the same are published in English and Gujarati newspapers in time. Further these original paper cuttings are also being submitted to Stock Exchanges in time. The material information relating to the business of the company are being intimated to the Stock Exchange who in turn publish the same in their daily official bulletin. The Audited Financial Balance Sheet is being dispatched to all shareholders in time at their registered addresses.

## STATUTORY COMPLIANCES MADE AND RETURNS ETC. FILED

The company has duly complied with the provisions of the Companies Act 1956, all the provisions of the Listing Agreement. The company has also filed various unaudited Financial Results, Balance Sheets, Income Tax returns and other statutory returns with all the authorities in time. There are no defaults as on date in any such compliances and no legal action of any nature has been taken against the company or its officers / directors.

## **OTHER DETAILS**

<b>REGISTERED OFFICE</b>	:	101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009.
<b>BOOK CLOSURE DATES</b>	:	SEPT.21 2009 to SEPT.30, 2009.
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	:	Sharepro Services (India) Pvt.Ltd. Satam Industrial Estate, 3 <sup>rd</sup> Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai. 400 099
<b>ISIN NUMBER OF THE COMPANY:</b>	:	INE 593 B01014

## **FINANCIAL CALENDAR**

Unaudited Results for the Quarter :

Ending on 30th June, 2008	:	Last week of July, 2008
Ending on 30th September, 2008	:	Last Week of October, 2008
Ending on 31st December, 2008	:	Last week of January, 2009
Ending on 31st March, 2009	:	Last week of April, 2009

## DETAILED PROGRAMME OF THE 15TH ANNUAL GENERAL MEETING

DATE

30<sup>TH</sup> SEPTEMBER 2009



DAY  
TIME  
VENUE

WEDNESDAY  
04.00 P.M.  
REGISTERED OFFICE OF THE COMPANY AT

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

**Listing Details**

Equity Shares of the company are listed and traded on  
The Stock Exchange, Ahmedabad  
The Stock Exchange, Mumbai

**Stock Exchange Code**

ASE Code : 030376  
BSE Code : 531692

**Market Quotations and Number of Shares Traded during the Financial Year ended on 31/3/2009**

**Scrip Code:531692 Company::KHYA MULT EN For the Period:April 2008 to March 2009**

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover(Rs.)	Spread (Rs.)	
								H - L	C - O
April 2008	0.57	0.61	0.49	0.54	1690265	967	943,345.00	0.12	-0.03
May 2008	0.52	0.70	0.48	0.57	2516054	1141	1,487,857.00	0.22	0.05
June 2008	0.55	0.55	0.44	0.44	1355581	700	663,784.00	0.11	-0.11
July 2008	0.42	0.45	0.38	0.43	1489814	722	617,083.00	0.07	0.01
August 2008	0.45	0.45	0.38	0.41	1995965	967	827,163.00	0.07	-0.04
September 2008	0.39	0.48	0.33	0.34	1438545	879	573,468.00	0.15	-0.05
October 2008	0.33	0.38	0.23	0.25	2070240	807	590,917.00	0.15	-0.08
November 2008	0.23	0.33	0.23	0.29	1530311	495	415,251.00	0.10	0.06
February 2009	3.48	3.48	1.93	1.97	227806	520	589,878.00	1.55	-1.51
March 2009	1.97	1.98	1.12	1.23	504723	793	710,308.00	0.86	-0.74

**SHAREHOLDING PATTERN AS ON 30<sup>TH</sup> JUNE 2009**

Category Code	Category of shareholder.	Number of Shareholders.	Total Number of Shares.	Number of shares held in Dematerialized form	Total Shareholding as % of (A+B+C)	Total shareholding as Percent age of (A+B+C)	Shares pledged or otherwise encumbered. Number of Shares.	As a Percent age. (IX) = (VIII)/(I V)*100
I	II	III	IV	V	VI	VII	VIII	IX
(A)	<b>Shareholding of promoter and promoter group</b>							
(1)	<b>Indian</b>							
(a)	Individuals / Hindu undivided family	5	18,57,900	NIL	17.202%	17.202%	NIL	N.A.
	<b>Sub- Total (A) (1)</b>	<b>5</b>	<b>18,57,900</b>	<b>NIL</b>	<b>17.202%</b>	<b>17.202%</b>	<b>NIL</b>	<b>N.A.</b>
(2)	<b>Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	N.A.
	<b>Total Shareholding Of Promoter and promoter group (A)(1) + (A)(2)</b>	<b>5</b>	<b>18,57,900</b>	<b>NIL</b>	<b>17.202%</b>	<b>17.202%</b>	<b>NIL</b>	<b>N.A.</b>

	Category of shareholder.	Number of Shareholders.	Total Number of Shares.	Number of shares held in Dematerialized form	Total Shareholding as % of (A+B)	Total shareholding as Percentage of (A+B+C)
<b>(B)</b>	<b>Public Shareholding</b>					
<b>(1)</b>	<b>Institutions</b>	NIL	NIL	NIL	NIL	NIL
<b>(2)</b>	<b>Non – Institutions</b>					
<b>(a)</b>	Bodies corporate	288	10,35,359	10,35,359	9.59%	9.59%
<b>(b)</b>	Individuals					
	(i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	10813	62,39,687	61,71,445	57.775%	57.775%
	(ii) Individuals shareholders holding nominal share capital in excess of to Rs. 1 Lakh.	60	16,63,693	14,52,193	15.40%	15.40%
<b>(c)</b>	Any Other ( specify)					
	Clearing Member	NIL	NIL	NIL	NIL	NIL
	NRI Repairable	6	3,559	3,559	00.033%	00.033%
	NRI Non Repairable	1	2	2	NIL	NIL
	Sub- Total (B) (2)	11168	89,42,300	86,62,558	82.798%	82.798%
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>11168</b>	<b>89,42,300</b>	<b>86,62,558</b>	<b>82.798%</b>	<b>82.798%</b>
	<b>TOTAL (A) + (B)</b>	<b>11173</b>	<b>1,08,00,200</b>	<b>86,62,558</b>	<b>100.00%</b>	<b>100.00%</b>
<b>(C)</b>	Share held by custodians and against which depository receipts have been issued	NIL	NIL	NIL	NIL	NIL
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>11173</b>	<b>1,08,00,200</b>	<b>86,62,558</b>	<b>100.00%</b>	<b>100.00%</b>

THE PROMOTERS/ DIRECTORS HAVE NOT MORTGAGED/ PLEDGED THEIR SHAREHOLDING.

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

**AUDITORS' REPORT ON WITH CORPORATE GOVERNANCE**

To  
The Members of  
KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

We have examined the relevant records for the year ended March 31, 2009 relating to the Compliance with the requirement of corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

On the basis of our review and according to the information and explanations given to us by the company, we state that in our opinion and to the best of our knowledge, the Company has complied with the mandatory requirements as contained in the Listing Agreement with the Stock Exchanges and as per Section 292A of the Companies Act 1956.

Date: 25<sup>th</sup> August, 2009

For Kharidhar And Parikh  
Chartered Accountants,

Place: Ahmedabad.

SD/-  
(Vasant L. Patel)  
Partner  
Membership No: 44612



**AUDITORS' REPORT**

To the members of  
**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

1. We have audited the attached Balance Sheet of KHYATI MULTIMEDIA ENTERTAINMENT LIMITED for the year ended 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies ( Auditor's Report ) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order , 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
4. Further, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of the books;
  - (c) The Balance Sheet, and Profit & Loss Account dealt with by this report are in agreement with the Books of Account;



**D J N V & CO.**  
**CHARTERED ACCOUNTANTS**

58, White House, Panchwati, C.G. Road, Ahmedabad-380 007  
Phone : 91-79-26-33096,2642730

-2-

- (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the Directors of the company as at March 31, 2009 and taken on record by the board of directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) *Subject to the above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view:
- (I) in case of the Balance Sheet, of the state of Affairs of the company as at 31<sup>st</sup> March, 2009
- (II) in case of the Profit & Loss Account, of the Loss for the year ended on that date.

For DJNV & CO.  
Chartered Accountants

*Vasant Patel*

(Vasant Patel)

Partner

Place: Ahmedabad

Date: 25/08/2009





**DJNV & CO**  
Chartered Accountants

**AUDITORS' REPORT**

To the members of  
**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

1. We have audited the attached Balance Sheet of KHYATI MULTIMEDIA ENTERTAINMENT LIMITED for the year ended 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies ( Auditor's Report ) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order , 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
4. Further, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of the books;
  - (c) The Balance Sheet, and Profit & Loss Account dealt with by this report are in agreement with the Books of Account;



58, White House, Panchvati, Ellisbridge  
Ahmedabad - 380 006, Gujarat, INDIA  
Phone : 2640 2739, 2640 2742, 2640 3096  
Email : info@djnv.in • Website : djnv.in

ANNEXURE TO THE AUDITOR'S REPORT

- (1) (a) In our opinion and according to the information and explanation given to us the company has maintained all the relevant records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, there is no disposal of fixed assets during the year & it does not affect the going concern assumption.
- (2) (a) N.A.
- (b) N.A.
- (c) N.A.
- (3) (a) The company has granted Loan to Khyati Finance covered in the register maintained under Section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs. 157 Lacs. And the year end balance of the loan granted to company is Rs. 14.24 Lacs.
- (b) The rate of interest and other terms and condition of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) No term of repayment is prescribed for the loan granted mentioned above.
- (d) In our opinion and according to information and explanation given to us, as there is no stipulation for repayment of loan, there is no over due amount of more than Rs. one Lacs.
- (e) The company had not taken any loan, secured or unsecured from companies, firms or other party covered in the register maintained under section 301 of the companies Act, 1956.
- (4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (5) (a) The transaction that are required to be entered into the register in pursuance of section 301 of the act has been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transaction, made in pursuance of the contract or arrangements entered in the register maintained under section 301 of the companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at that time.





- (6) In our opinion and according to the information and explanations given to us, the company not accepted any deposits from the public which falls within the provisions of section 58 A and 58 AA of the Companies Act, 1956, and the rules framed there under.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (8) To the best of knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost record under section 209 (1)(d) of the Companies Act, 1956.
- (9)(a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor education protection fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to information and explanation given to us, the following are the details of the sales Tax, Income Tax, Customs Duty, Wealth Tax or Cess which has not been deposited on account of any dispute.

Nature of Dues	Amount (Rs. In Lacs)	Forum where it is pending
Provident Fund	Rs. 200750/-	Provident fund Appellate Tribunal New Delhi, which Has remanded the Case to APFC, Ahmedabad

- (10) The company have accumulated losses at the end of the financial year and the company has not incurred cash Loss during the financial year covered by our audit and the immediately preceding financial year.
- (11) According to the records of the company examined by us and the information and explanations given to us, the company during the year has defaulted in repayment of dues to banks and the bank has been suspended from clearing operations.
- (12) According to the information & explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provision of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.



ANNEXURE TO THE AUDITOR'S REPORT

- (1) (a) In our opinion and according to the information and explanation given to us the company has maintained all the relevant records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, there is no disposal of fixed assets during the year & it does not affect the going concern assumption.
- (2) (a) N.A.
- (b) N.A.
- (c) N.A.
- (3) (a) The company has granted Loan to Khyati Finance covered in the register maintained under Section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs. 157 Lacs. And the year end balance of the loan granted to company is Rs. 14.24 Lacs.
- (b) The rate of interest and other terms and condition of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) No term of repayment is prescribed for the loan granted mentioned above.
- (d) In our opinion and according to information and explanation given to us, as there is no stipulation for repayment of loan, there is no over due amount of more than Rs. one Lacs.
- (e) The company had not taken any loan, secured or unsecured from companies, firms or other party covered in the register maintained under section 301 of the companies Act, 1956.
- (4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (5) (a) The transaction that are required to be entered into the register in pursuance of section 301 of the act has been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transaction, made in pursuance of the contract or arrangements entered in the register maintained under section 301 of the companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at that time.



- (14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- (15) According to the information & explanations given to us, the company has not given any guarantees for the loans taken by others from banks or financial institutions
- (16) In our opinion and as per the information given to us as the company has not taken term loan so this clause is not applicable.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short term basis have been used for long term investment.
- (18) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) According to the information and explanations given to us, Company has not issued any debenture during the year. Hence reporting on the question of securatisation does not arise.
- (20) The company has not raised any fund by way of public issues during the Year.
- (21) Based upon the audit procedures performed and on the basis of information and explanation provided by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For DJNV & CO.  
Chartered Accountants

*Vasant Patel*

( VASANT PATEL )  
Partner

PLACE: AHMEDABAD

DATE: 25/08/2009



**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

**BALANCE SHEET AS ON 31ST MARCH 2009**

Particulars	Sch. No.	Amt. Rs.	Current Year Amt. Rs.	Previous Year Amt. Rs.
<b>SOURCES OF FUNDS :</b>				
<b>SHAREHOLDERS FUNDS</b>				
A. Share Capital	A	108002000		108002000
B. Reserve & Surplus	B	34960000	142962000	34960000
Deferred Tax Provision	C		12297772	12413827
<b>LOANS</b>				
Unsecured Loan	D		15342497	15442497
<b>TOTAL .....</b>			<b>170602269</b>	<b>170818324</b>
<b>APPLICATION OF FUNDS</b>				
<b>A. Fixed Assets</b>				
Gross Block	E	4351675		4301185
Less: Depreciation		341452		14461
Net Block			4010223	4286724
<b>B. Investments</b>				
C. Current Assets, Loans & Advances	F		16640000	5180000
	G	35478224		47084248
				56550972
Less: Current Liabilities & Provision	H	19302		18306
<b>NET CURRENT ASSETS</b>			<b>35458922</b>	<b>47065942</b>
Profit & Loss Accounts	I		114293124	114285658
<b>TOTAL.....</b>			<b>170602269</b>	<b>170818324</b>
Significant Accounting Policies Notes on Accounts	J			

Schedule referred to above form an integral part of Balance Sheet.  
As per our report of even date

FOR DJNV & CO.  
Chartered Accountants

(VASANT PATEL)  
(Partner)  
Place : Ahmedabad  
Date : 25/08/2009



FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED

DIRECTOR DIRECTOR

Place : Ahmedabad  
Date : 25/08/2009

*(Handwritten signature)*

**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2009**

Particulars	Sch No.	Amount Rs.	Current Year Amount Rs.	Previous year Amount Rs.
<b>Income</b>				
Other Income	K		3148710	7116756
<b>Total .....</b>			<b>3148710</b>	<b>7116756</b>
<b>Expenditure</b>				
Loss On Sale Of Investment		0		30391242
Loss On Sale Of Assets	M	0		31891891
Administrative & Other Exp.	L	2206740		1802713
Depreciation		326991		1668098
			2533731	
<b>Total.....</b>			<b>2533731</b>	<b>65753944</b>
<b>Net profit before prior period &amp; Taxation</b>			614979	58637188
Expense related to Prior Period			738500	0
<b>Net Profit before Taxation</b>			<b>-123521</b>	<b>-58637188</b>
<b>Profit After Taxation</b>			<b>-123521</b>	<b>-58637188</b>
Deferred Tax Asset			116055	566977
<b>BALANCE TRF. TO BAL. SHEET</b>			<b>-7466</b>	<b>-53070211</b>
<b>EPS</b>			<b>0.00</b>	<b>0.54</b>
Significant Accounting Policies Notes on Accounts	J			

Schedule referred to above from an Intergal part of Profit & Loss  
As per our report of even date

FOR DJNV & CO.  
Chartered Accountants

*Vasant Patel*  
(VASANT PATEL)  
(Partner)  
Place : Ahmedabad  
Date : 25/08/2009



FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED

*[Signature]*  
DIRECTOR DIRECTOR

Place: Ahmedabad  
Date : 25/08/2009

*[Signature]*

**KHYATI MULTIMEDIA ENTERTAINMENT LTD**

2008-09

2007-08

**CURRENT YEAR**      **PREVIOUS YEAR****SCHEDULE - A**  
**SHARE CAPITAL****AUTHORISED SHARE CAPITAL**

13000000 Equity Shares of Rs 10/- Each

13000000

13000000

**ISSUED, SUBSCRIBED & PAID UP**

10800200 Equity Share of Rs. 10/- Each

10800200

10800200

10800200

10800200

**SCHEDULE - B****Reserve & Surplus**

Share Premium

34960000

34960000

34960000

34960000

**SCHEDULE - C****DEFERRED TAX LIABILITIES**

Opening Balance

12413827

12960804

Less: Deferred Tax assets

116055

566977

12297772

12413827

**SCHEDULE - D****UNSECURED LOANS**

Sabarmati Co.Op Bank

15342497

15442497

15342497

15442497

**SCHEDULE - F****INVESTMENT (Long Term) (At Cost)****UNQUOTED EQUITY SHARE OF :**

No. of Shares

Somplast Leather India Ltd

1166000

1166000

0

Korin Cn Communication

172670

5180000

5180000

(Market Price of Shares are not available.)

16840000

5180000

**SCHEDULE - G****CURRENT ASSETS, LOANS &****ADVANCE****SUNDRY DEBTORS**

More than six months

0

8124412

(Unsecured considered good)

Other

0

768758

Cash on Hand (As certified by Directors)

362843

42032

**BALANCE WITH BANK**

Schedule Bank

21154

9361692

**LOANS & ADVANCES**

(Advance receivable in cash or in Kind

for value to be received)

Loans &amp; Advances

32286694

20183814

TDS Receivable

431333

105227

Advance To Creditors

25750

**DEPOSITS**

2350450

8507413

35478224

47084248



**KHYATI MULTIMEDIA & ENTERTAINMENT LTD**

**SCHEDULE - E FIXED ASSETS**

SR NO.	NAME OF ASSETS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		OPENING BALANCE	ADDITION DURING YR	SOLD DURING YR	CLOSING BALANCE	OPENING BALANCE	ADDITION DURING YR	Del	CLOSING BALANCE	AS ON 31.03.2008	AS ON 31.03.2007
1	LAND	873500.00	0	0	873500.00	0.00	0.00	0	0.00	873500.00	873500.00
2	PLANT & MACHINERY	25600.00	0	0	25600.00	1216.45	1216.00	0	2432.45	23167.55	24353.55
3	Air Condition	0.00	50490	0	50490.00	0.00	2254.00	0	2254.00	48236.00	0.00
4	Motor Car	3402085.00	0	0	3402085.00	13245.00	323521.00	0	336766.00	3065319.00	3388840.00
	<b>TOTAL</b>	<b>4301185</b>	<b>50490</b>	<b>0</b>	<b>4351675</b>	<b>14461</b>	<b>326991</b>	<b>0</b>	<b>341452</b>	<b>4010223</b>	<b>4286724</b>



**SCHEDULE - H**

**CURRENT LIABILITIES AND PROVISIONS**

Sundry Creditors for good & Others

**PROVISIONS**

Provision for audit fee

	0	11236
	0	11236
	19302	7070
	19302	18306

**SCHEDULE - I**

**PROFIT & LOSS ACCOUNT**

Opening Balance

Add: Loss during the year

	114285658	56215447
	7466	58070211
	114293124	114285658

**SCHEDULE - K**

**OTHER INCOME**

Interest (TDS of Rs.287004)

Car Rent

GSFS OTS Written Off

	2770710	542564
	378000	0
	0	6274192
	3148710	7116756

**SCHEDULE - L**

**ADMINISTRATIVE & OTHER EXP.**

Advertisement Exp.

Audit Fees

Appeal Fees

Bank Charges

Brokerage Exp.

Car Exps.

Car Insurance

Custody Fees Exps.

Demate Charges

Entertainment Tax

FBT Expenses

Kasar & Valav

Land Revenue Exp.

Legal & Professional Exp

Listing Fees

Municipal Tax

Office Exp.

Postage & Courier

Processing Charges

Professional Fees

Rent Exps.

Repairing Exp

Roc Filling Fees

Salary

Shares Transfer Fess

Stationary & Printing Exp.

Telephone Exp.

Valuation Exp.(Gitco)

	5749	0
	19302	11236
	250	0
	9255	11116
	0	300000
	7420	0
	39885	80360
	40787	0
	1632	0
	605074	465441
	2650	7070
	372799	104083
	0000	20000
	348650	230700
	192163	248024
	10665	7150
	13185	5925
	4003	0
	11236	0
	800	0
	114000	0
	24198	0
	25245	2200
	306000	8500
	0	144000
	0	121600
	5240	1100
	36552	0
	0	33708
	2206740	1802213

**SCHEDULE - M**

**LOSS ON SALE OF ASSETS**

Loss On Sale Of Building

Loss On Sale Of Land

Gain On Sale Of Plant & Machinery

	0	8848198
	0	23854745
	0	32702944
		811053
	0	31891891





**(KHYATI MULTIMEDIA ENTERTAINMENT LIMITED)**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2009  
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

PARTICULARS	2008-09 Rs.	2007-08 Rs.
<b>A. CASH FLOW FROM OPERATION ACTIVITY</b>		
Net Profit /Loss	-123521	-58637188
<u>Adjustment For :</u>		
(a) Primary Expenses W/o	0	0
(b) Depreciation	326991	1668098
(d) Loss on Sale of Investment	0	30891242
(e) Loss on Sale of Asset	0	31891891
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	<b>203470</b>	<b>5814043</b>
<u>Adjustment For :</u>		
(a) Inventories	0	
(b) Sundry Debtors	8833170	
(c) Loans & Advances and Deposits	-6296773	
(b) Current Liabilities & Provisions	896	-17784112
<b>NET CASH FLOW FROM OPERATION</b>	<b>2790863</b>	<b>-11970069</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(a) Purchase of Asset	-50490	
(c) Sale Of Investment	-11660000	63252673
<b>NET CASH USED IN INVESTING ACTIVITY</b>	<b>-11710490</b>	<b>63252673</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
(a) Loan Fund	-100000	-41931416
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-100000</b>	<b>-41931416</b>
<b>NET INCREASE/DECREASE IN CASH (A+B+C)</b>	<b>-9019627</b>	<b>9351188</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>9403624</b>	<b>52436</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>383997</b>	<b>9403624</b>

As per our report of even date

FOR DJNV & CO.  
Chartered Accountants

*Vasant Patel*

(VASANT PATEL)  
(Partner)

Place : Ahmedabad  
Date : 25/08/2009



For and on behalf of Board

FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED

*[Signature]*

DIRECTOR

Place: Ahmedabad  
Date : 25/08/2009

*[Signature]*

DIRECTOR

KHYATI MULTIMEDIA ENTERTAINMENT LTD. 2008-09

SCHEDULE -J

NOTES FORMING PART OF ACCOUNTS :

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounts are prepared on an accrual basis and under the historical cost conventions, and are in line with the relevant laws as well as the guidelines prescribed by the Department of Company affairs and the Institute of Chartered Accountants of India.

**(A) ACCOUNTING CONVENTION**

The financial statements are prepared on accrual basis of accounting in the preparation of the books of account.

**(B) FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided as per S.L.M. method as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

**(C) INVESTMENTS**

Investments are stated at cost.

**(D) RETIREMENT BENEFITS**

The Provision of payment of Gratuity are not applicable and hence no policy is evolved in respect of the same.

**(E) CONTINGENT LIABILITY**

Contingent Liabilities are determined on the basis of available information.

**(F) INCOME TAXES**

(i) Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.



(ii) Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced up to the Balance Sheet date. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss Account of the respective year of change.

**(G) OTHER POLICIES**

1. Accounting policies not specifically referred to above are consistent with the generally accepted accounting practices.
2. The Provision for tax is not made as there is Loss.
3. The break up of Auditors Remuneration is as under:

	<u>2008-09</u>	<u>2007-08</u>
Audit Fees	19302	8924
<b>Total</b>	<u>19302</u>	<u>8924</u>

4. The maximum amount due from the Directors is Rs Nil. Lacs. (Previous year Rs nil lacs.).
5. Remuneration paid to Directors is Rs Nil. (Previous year Nil)
6. Contingent liabilities not provided for Rs. Nil
7. Provision of clause 4D of part II of schedule VI of the Companies Act, 1956, regarding value of imports expenditure incurred in Foreign Currency, amount of remittance in foreign currency on accounts of dividends, export earning etc, are not given as all information required in the Clauses are Nil. (Previous year Nil.)
8. Balance of Sundry Debtors, Creditors, Loans & Advances and Current liabilities given and accepted as agreed by management are subject to confirmation.
9. Figures in the Balance Sheet has been regrouped and rearranged wherever Necessary.
10. In the opinion of the Board of Directors the current assets, Loans and Advances Unsecured and Considered Good have the value at which they are stated in the Balance Sheet if realized in the ordinary course of business.



11. The statement of Significant Accounting Policies and the Notes number 2 to 11 above from an integral part of the accounts for the year ended 31<sup>st</sup> March 2009.
12. Pursuant to the Accounting Standard (AS-18) - Related Party Transactions, the disclosure relating to transaction entered into with related party at arms length basis by the company, as identified by the management are disclosed as under:

i) Name Of the Related Party & description of the relationship

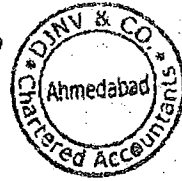
- A. Khyati Finance .  
B. Jignaben Patel

Name of the Related Party	Nature of Relationship	Nature of Transaction	Year ended,2009
Khyati Finance	HUF of director	Int. received on Loan	1424776
Jignaben Patel	Director	Rent Paid	114000

For Khandhar & Parikh  
Chartered Accountants

For KHYATI MULTIMEDIA  
ENTERTAINMENT LTD.

*Vasant Patel*  
(VASANT PATEL)  
Partner  
Ahmedabad  
Date:25/08/2009



*Sh. J. R. ...*

Director  
Ahmedabad :  
Date:25/08/2009

*Sh. J. R. ...*  
Director

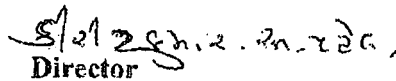
**Additional information as required under Part IV of Schedule VI to the Companies Act, 1956**

Balance Sheet Abstract and Company's General Business Profile:

1.	<b><u>Registration Details</u></b> Registrtrion No. State Code Balance Sheet Date	U92199GJ1995PLC024284 04 31.03.2009
2	<b><u>Capital raised during the year</u></b> Public Issue Right Issue Bonus Issue Private placement	- - - -
3	<b><u>Position of Mobilisation &amp; Deployment of Funds</u></b> Total Liabilities Total Assets <b><u>Sources of Funds</u></b> Paid up capital Reserves & Surplus Secured Loans Unsecured Loans <b><u>Application of Funds</u></b> Net Fixed Assets Investment Net Current Assets Misc. Expenditure Accumulated Losses	170602269 170602269 108002000 34960000 0 -15342497 4010223 16840000 35213825 0 114538221
4	<b><u>Performance of the Company</u></b> Turnover & Other Income Total Expenditure Profit before Tax Profit after Tax Earnings Per Share in Rs. Dividnd Rate %	3148710 2536489 (126279) (126618) - -
5	Generic Names of three principal products / services of the company (as per monetary terms) Item code Product Description	- -

For Khyati Multimedia Entertainment Ltd

  
Director

  
Director

Ahmedabad : 25.08.2008

**ATTENDANCE SLIP**

I Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_

being a member/ proxy of KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED do hereby record my presence at the 15th Annual General Meeting of the members of the Company to be held on Wednesday the 30th September, 2009, at 04.00 P.M. at 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009.

Name of Shareholder

Ledger Folio No

D.P. NAME:

D.P. I.D.:

CLIENT I.D.:

Number of Shares Held

Date:

Place: Ahmedabad.

\_\_\_\_\_  
(Signature of the Member/  
Proxy attending the meeting)

**PROXY FORM**

Name of Shareholder \_\_\_\_\_

Ledger Folio No \_\_\_\_\_

D.P. NAME: \_\_\_\_\_

D.P. I.D.: \_\_\_\_\_

CLIENT I.D.: \_\_\_\_\_

Number of Shares Held \_\_\_\_\_

I Shri/Smt. \_\_\_\_\_ being a member of KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED, holding \_\_\_\_\_ Shares in the company do hereby appoint Shri \_\_\_\_\_ of \_\_\_\_\_ or failing him Shri \_\_\_\_\_ of \_\_\_\_\_ or failing him Shri \_\_\_\_\_ of \_\_\_\_\_ to remain present at the 15th Annual General Meeting of the members of the Company to be held on Wednesday the 30th September, 2009, at 04.00 P.M. at 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009 or at any adjournment thereof and to vote for and on my behalf if poll is granted.

Affix  
Rs 1/-  
revenue  
stamp

Date: \_\_\_\_\_

Place: \_\_\_\_\_

\_\_\_\_\_  
(Signature of the member  
Appointing a Proxy)