



**KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED**

**17th AUDITED ANNUAL REPORT  
FOR THE YEAR 2010-11**

**COMPANY REGISTRATION NO: 04-024284**

**CIN NO: L92199GJ1995PLC024284**

**Registered with Registrar of Companies, Gujarat State**

**Regd.Office:** 100, Chinubhai Towers, Opp: Handloom House,  
Ashram Road, Navrangpura, Ahmedabad: 380 009.  
**Telephone:** 91-079-26582983 (F) 91-079-26584335  
**E.Mail:** khyatimulti@yahoo.com

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

DATE OF: 20/01/1995  
INCORPORATION:

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

DATE : 30th SEPTEMBER, 2011  
DAY : FRIDAY  
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 Kiritbhai C. Patel	Director
Shri 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 & Co.,  
Chartered Accountants

## **BANKERS OF THE COMPANY**

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

## **REGISTRAR AND SHARE TRANSFER AGENT**

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

### **Auditors**

D J N V & CO.  
Chartered Accountants  
Ahmedabad

### **Company Law Consultants**

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

## **REGD. OFFICE**

100, 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 **17th Annual General Meeting** of the Members of the Company will be held on Friday the 30th September, 2011 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 31/03/2011, 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 C. Patel, who retires by rotation and being eligible offers himself for reappointment.
3. To Appoint a Director in place of Mr. Praful Agrawal, who retires by rotation and being eligible offers himself for reappointment.
4. To Appoint M/s. D J N V & CO., Chartered Accountants, as the Statutory Auditors for the next Financial Year to hold the office as such from the conclusion of this Annual General Meeting up to the date of next Annual General Meeting and to fix their remuneration.

### **NOTES**

- i) A Member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of him and that a Proxy need not be a member of the Company.
- ii) Proxies in order to be effective should be duly completed in the prescribed form stamped and signed and must be deposited at the Registered office of the company no less than 48 hours before the time fixed for the meeting.
- iii) Members desiring any information as regards account are requested to write to the company at least 7 days before the meeting to enable the management to keep the information ready.
- iv) Members are requested to intimate any change in their registered addresses if any directly at the Registered Office of the Company at their address mentioned elsewhere in this report.
- v) The Register of members and share transfer books of the company shall remain closed on 28/09/2011 to 30/09/2011 (Inclusive of Both Days). For the purpose of Annual General Meeting as per requirements of section 154 of the Companies Act 1956 and in compliance to Listing Agreement with stock exchanges.

DATE: 2ND SEPTEMBER, 2011

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 Seventeenth Audited Annual report of your Company for the financial year ended on 31st March 2011.

### **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 31/03/2011	For the Year Ended on 31/03/2010
Gross Income	8,12,455	9,28,190
Total Expenses	33,29,359	15,56,240
Profit / (Loss) Before Depreciation & Tax	(25,16,904)	(6,28,050)
Provision for Depreciation	3,74,400	3,27,135
Profit / (Loss) Before Tax	(28,91,304)	(9,55,185)
Provision for Tax	0	0
Adjustment of I. tax Of Earlier years	500	1,52,537
Provision for FBT	0	0
Deferred Tax Liabilities Current year.	17,073	-99,095
Previous Year Deffered Tax Assets Reversed)	2,04,028	0
Net Loss for the Year.	(31,12,905)	(10,08,628)
Previous year Balance B/f.	(11,53,01,751)	(11,42,93,124)
Total Loss Transferred to Balance Sheet.	(11,84,14,656)	(11,53,01,751)

### **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**

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

### **BUY BACK OF EQUITY SHARES**

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

### **YEAR UNDER REVIEW**

During the year under review your company has earned a total income of Rs. 8,12,455/- (Previous year of total income of Rs.9,28,190/-) After providing for all Administrative Expenditure and making provision for Depreciation total amounting to Rs. 37,03,759/- (Previous year of Rs 18,83,375/-) the company has suffered a gross operational loss of Rs. 28,91,304/- (Previous year Gross Operational loss of Rs. 9,55,185/- ). After making necessary adjustments for provision of Deffered Tax, Reversal of Deferred Tax Assets of previous years and other adjustments of prior period adjustments your Company has suffered a Net Loss of Rs. 31,12,905/- (Previous year suffered a Net Loss of Rs.10,08,628 /- ). The total accumulated loss for the company as shown in the Balance sheet is Rs. 11,84,14,656/-(Previous year total accumulated loss as shown in the Balance sheet was of Rs 11,53,01,751/-).

### **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. The company has Accumulated losses at the end of the financial year.

### **FUTURE BUSINESS PLANS**

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

### **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 had made application for Compounding to Company Law Board/Regional Director. All the applications are now approved and the Company and all directors/ officers in default have paid the compounding fees as per orders of Regional Directors/ Company Law board. Now all the violations stand compounded/ made good.

### **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 30/06/2011 are 86,65,658. 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 outlook 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 C. Patel and Shri Praful Agrawal shall retire by rotation at the ensuing Annual General Meeting as provisions of Law. They are eligible for reappointment as director and has offered themselves for directorship of the company. Hence, your directors recommend reappointing them by passing resolutions.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (A) That in the preparation of the annual accounts, the applicable accounting standards has been followed and no material departure has been made from the same;
- (B) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affair of the company at the end of the financial year and of the profit or loss of the company for that period;
- (C) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- (D) That they have prepared the annual accounts on a going concern basis.

## **STATUTORY AUDITORS**

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

## **INTERNAL AUDITORS**

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

### **AUDITORS OBSERVATION**

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

### **FORMATION OF AUDIT COMMITTEE**

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

### **EMPLOYEES**

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

### **STATUTORY INFORMATION**

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

### **MATERIAL CHANGES**

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

### **APPRECIATION**

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

**DATE : 2<sup>nd</sup> September, 2011**  
**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 2011.

### **BOARD COMPOSITION**

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

### **COMPOSITION OF COMMITTEES**

#### **A. AUDIT COMMITTEE**

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

**\*(In the Advisory capacity only)**

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

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

**ATTENDANCE OF THE DIRECTORS IN VARIOUS MEETINGS:**

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

**DIRECTORS PRESENT AT THE LAST ANNUAL GENERAL MEETING DATED 30TH SEPTEMBER 2010**

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

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

1. September 30, 2006 Khyati Resorts, Vill – Baliasan, Near Nirma Mandali – II, Ahmedabad – Mehsana Highway, Dist – Mehsana.
2. September 29, 2007 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009
3. September 30, 2008 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009
4. September 30, 2009 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009
5. September 29, 2010 101, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009

**FUNCTIONS OF AUDIT COMMITTEE:**

The Audit Committee is headed by Shri Kartik J. Patel as Chairman and includes other director namely Shri Kirit C. Patel and Shri Kamalkant Rao. 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 & Co., the Internal Auditors 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.

### **WHILSTEL 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 part	Nature of relationship	Nature of Transaction	Year ended 2010
Jignaben Patel	Relative of Director	Rent Paid	118000

### **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**

### **A) 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.

### **B) 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>	:	100, Chinubhai Towers, Opp: Handloom House, Ashram Road, Navrangpura, Ahmedabad: 380 009.
<b>BOOK CLOSURE DATES</b>	:	SEPT 28, 2011 To SEPT.30, 2011 (Inclusive of Both days)
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	:	Sharepro Services (India) Pvt.Ltd. 13/A-B, Ahimsa Warehousing Corp. 2 <sup>nd</sup> Floor, Near Telephone Exchange, Sakinaka, Andheri Kurla Road, Mumbai.
<b>ISIN NUMBER OF THE COMPANY:</b>		INE 593 B01014

### FINANCIAL CALENDAR

Unaudited Results for the Quarter :

Ending on 30th June, 2010	:	Last week of July, 2010
Ending on 30th September, 2010	:	Last Week of October, 2010
Ending on 31st December, 2010	:	Last week of January, 2011
Ending on 31st March, 2011	:	Last week of April, 2011

### DETAILED PROGRAMME OF THE 17th ANNUAL GENERAL MEETING

DATE	30th SEPTEMBER 2011
DAY	FRIDAY
TIME	04.00 P.M.
VENUE	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
<b>Stock Exchange Code</b>	ASE Code : 030376 BSE Code : 531692

**Market Quotations and Number of Shares Traded during the Financial Year ended on  
31/03/2011**

**Scrip Code: 531692 Company::KHYAYATI MULTIMEDIA ENTERTAINMENT LIMITED  
For the Period: April 2010 to March 2011**

<b>Month</b>	<b>Open Price</b>	<b>High Price</b>	<b>Low Price</b>	<b>Close Price</b>	<b>No.of Shares</b>	<b>No. of Trades</b>	<b>Total Turnover (Rs.)</b>	<b>Spread High-Low</b>	<b>Spread Close-Open</b>
Apr-10	1.6	2.15	1.59	1.68	213668	410	375990	0.56	0.08
May-10	1.52	1.89	1.3	1.41	216247	450	340066	0.59	-0.11
Jun-10	1.67	1.75	1.36	1.42	135540	449	206052	0.39	-0.25
Jul-10	1.56	1.87	1.41	1.52	182802	445	280646	0.46	-0.04
Aug-10	1.5	1.99	1.43	1.6	131054	518	204096	0.56	0.1
Sep-10	1.45	1.84	1.23	1.5	254396	696	409729	0.61	0.05
Oct-10	1.31	1.85	1.24	1.7	166407	494	266282	0.61	0.39
Nov-10	1.4	1.89	1.21	1.35	129973	369	200241	0.68	-0.05
Dec-10	1.49	1.6	1.1	1.36	294382	576	385987	0.5	-0.13
Jan-11	1.3	1.55	1.01	1.11	134244	303	164535	0.54	-0.19
Feb-11	1.06	1.44	0.94	1.3	63565	216	73602	0.5	0.24
Mar-11	1.45	1.45	1.01	1.14	87822	321	100918	0.44	-0.31
Apr-11	1.05	1.87	1.03	1.15	329240	670	505347	0.84	0.1
May-11	1.1	1.2	0.98	1.01	59850	111	64556	0.22	-0.09
Jun-11	1.05	1.1	0.82	0.94	70439	99	69284	0.28	-0.11
Jul-11	0.98	1.14	0.82	1	77241	107	78421	0.32	0.02
Aug-11	1	1.08	0.85	0.93	45428	115	42710	0.23	-0.07
Sep-11	0.9	1.05	0.87	0.98	35258	98	33460	0.18	0.08
Oct-11	1.02	1.02	0.82	0.89	45453	89	40407	0.2	-0.13
Nov-11	0.91	0.91	0.67	0.67	22482	86	17344	0.24	-0.24
Dec-11	0.65	0.67	0.6	0.6	4869	27	3106	0.07	-0.05

**DATE : 2<sup>nd</sup> September, 2011  
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 CORPORATE GOVERNANCE**

To  
The Members of  
KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED

We have examined the relevant records for the year ended March 31, 2011 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: 2nd September, 2011

Place: Ahmedabad.

for D J N V AND COMPANY.  
Chartered Accountants,

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



# **D J N V & CO.**

**CHARTERED ACCOUNTANTS**

58, White House, Panchavati, C.G. Road, Ahmedabad-380 006.

Phone : 91-79-26403096,2642739

## **AUDITORS' REPORT**

To the members of

### **KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

We have audited the attached Balance Sheet of **KHYATI MULTIMEDIA ENTERTAINMENT LIMITED** for the year ended 31<sup>st</sup> March, 2011 and the Profit & Loss Account and the Cash Flow Statement 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.

1. 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.
2. 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.
3. 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account & Cash Flow Statement 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, 2011 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) 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, 2011.

(II) In case of the Profit & Loss Account, of the Loss for the year ended on that date.

(III) In case of the cash flow statement, of the cash flows for the year ended on that date.

**For DJNV & CO.**  
**Chartered Accountants**  
**ICAI Regn. No. : 115145W**

**(Nainesh Khandhar)**  
**Partner**  
**M.No. 39925**  
Ahmedabad  
Date: 02/09/2011

## **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, the disposal of fixed assets during the year does not affect the going concern assumption.
- (2) As company is not having any kind of stock the Clauses 4(ii) of the Companies (Auditor's Report) Order'2003 is not applicable is not applicable to the Company.
- (3)
  - a) The company has not granted Loan to any party covered in the register maintained under Section 301 of the companies Act, 1956. Hence, Clause 4 (iii) (a) to (d) of the Order is not applicable to the Company.
  - b) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year is Rs.14.75 and the year end balance of such party is Rs.Nil.
  - c) As per the information and explanation given to us unsecured loans taken by the company is prima-facie prejudicial to the interest of the company.
  - d) As per the information and explanation given to us unsecured loans taken by the company is repayable on demand.
- (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) According to the information and explanation given to us, during the year, there were no transactions that need to be entered into the register maintained under section 301 of the Companies Act,1956. Accordingly, paragraph (v) (a) and (b) of the order, are not applicable.
- (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) The company has no formal internal audit system. However, in our opinion there are adequate internal control procedures 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 incurred cash Loss during the financial year covered by our audit and also in 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 comp
- (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 taken term loan during the year.

- (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 securitization does not arise.
- (20) The company has not raised any fund by way of public issues during the Year hence the Clause 4(xx) of the Order is not applicable.
- (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**  
**ICAI Regn No.115145W**

**Nainesh Khandhar**  
**Partner**

**M.No.115145W**  
**PLACE: AHMEDABAD**  
**DATE: 02/09/2011**

**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

**BALANCE SHEET AS ON 31ST MARCH 2011**

Particulars	Sch. No.	31.03.2011		31.03.2010
		Amt. Rs.	Amt. Rs.	Amt. Rs.
<b>SOURCES OF FUNDS :</b>				
<b>SHAREHOLDERS FUNDS</b>				
A. Share Capital	A	108002000		108002000
B. Reserve & Surplus	B	34960000		34960000
			142962000	142962000
<b>LOANS FUNDS</b>				
A. Secured Loan		676080		
B. Unsecured Loan	C	15164497	15840577	15262496
Deffered Tax Liability	D		12419778	12198677
<b>TOTAL .....</b>			<b>171222355</b>	<b>170423173</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	E	2551347		4351675
Less: Depreciation		79868		668587
Net Block			2471479	3683088
<b>INVESTMENTS</b>				
Current Assets , Loans & Advances :	F		20479770	20479770
Less: Current Liabilities & Provision	G	30943010		31014646
	H	1086560		56082
<b>NET CURRENT ASSETS</b>			29856450	30958564
Profit & Loss Accounts	I		118414656	115301751
<b>TOTAL.....</b>			<b>171222355</b>	<b>170423173</b>
Significant Accounting Policies Notes on Accounts	L			

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

**FOR DJNV & CO.**  
Chartered Accountants  
ICAI Regn No.115145W

**FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED**

**Nainesh Khandhar**  
(Partner )  
M.No.39925  
Place : Ahmedabad  
Date : 02/09/2011

**DIRECTOR**

**DIRECTOR**

Place : Ahmedabad  
Date : 02/09/2011

**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011**

Particulars	Sch No.	31.03.11		31.03.10
		Amount Rs.	Amount Rs.	Amount Rs.
<b>Income</b>				
Other Income	J		812455	928190
<b>Total .....</b>			<b>812455</b>	<b>928190</b>
<b>Expenditure</b>				
Administrative & Other Exp.	K	3329359		1556240
Depreciation		374400		327135
			3703759	
<b>Total.....</b>			<b>3703759</b>	<b>1883375</b>
<b>Net profit before Taxation</b>			-2891304	-955185
Less:				
Expense related to Prior Period			500	0
Adjustment of I.Tax of Earlier years			0	152537
Provision of I.tax of Current year			0	0
Provision of Deferred Tax Liability of C.Y.			17073	-99095
Reversal Of Deferred tax Asset			204028	
<b>Net Profit After Taxation</b>			<b>-3112905</b>	<b>-1008627</b>
<b>EPS</b>			-0.29	-0.01
Significant Accounting Policies Notes on Accounts	L			

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

**FOR DJNV & CO.**  
Chartered Accountants  
ICAI Regn No.115145W

**FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED**

**Nainesh Khandhar**  
(Partner )  
M.No.39925  
Place : Ahmedabad  
Date : 02/09/2011

**DIRECTOR**

**DIRECTOR**

Place: Ahmedabad  
Date : 02/09/2011

**KHYATI MULTIMEDIA ENTERTAINMENT LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011  
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)**

PARTICULARS	2010-11		2009-10
	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATION ACIVITY</b>			
<b>Net Profit /Loss</b>		-2891304	-1107722
<b>Adjustment For :</b>			
(a) Prior Period Expense		500	0
(b) Depreciation		374400	327135
(c) Loss on Sale of Asset		-638966	0
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>		-1878438	-780587
<b>Adjustment For :</b>			
(a) Inventories	0		
(b) Sundry Debtors	141500		
(c) Loans & Advances and Deposits	-257215		
(d) Current Liabilities & Provisions	1030478	914763	4470226
<b>NET CASH FLOW FROM OPERATION</b>		-963675	3689639
<b>B. CASH FLOW FROM INVESTING ACIVITIES</b>			
( c ) Purchase/sale of Fixes Asset	198243	198243	-3639770
<b>NET CASH USED IN INVESTING ACTIVITY</b>		198243	-3639770
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>			
(a) Loan Fund	-97999	-97999	-80001
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>		-97999	-80001
<b>NET INCREASE/DECREASE IN CASH (A+B+C)</b>		-863431	-30132
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		353865	383997
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		<b>-509566</b>	<b>353865</b>

As per our report of even date

**FOR DJNV & CO.**  
Chartered Accountants  
ICAI Regn No.115145W

Nainesh Khandhar  
(Partner)  
Place : Ahmedabad  
Date : 02/09/2011

For and on behalf of Board

**FOR KHYATI MULTIMEDIA  
ENTERTAINMENT LIMITED**

**DIRECTOR**  
Place: Ahmedabad  
Date : 02/09/2011

**DIRECTOR**



**KHYATI MULTIMEDIA ENTERTAINMENT LTD**

	2011-12	2010-11
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
13000000 Equity Shares of Rs.10/- Each	130000000	130000000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
108002000 Equity Share of Rs.1/- Each	108002000	108002000
	<b>108002000</b>	<b>108002000</b>
<b>SCHEDULE - B</b>		
<b>Resrve &amp; Surplus</b>		
Security Premium	34960000	34960000
	<b>34960000</b>	<b>34960000</b>
<b>SCHEDULE - C</b>		
<b>UNSECURED LOANS</b>		
From Bank	15164497	15262496
	<b>15164497</b>	<b>15262496</b>
<b>SCHEDULE - C</b>		
<b>DEFERRED TAX LIABILITIES</b>		
Opening Balance	12198677	12297772
Less: Reversal of Deferred Tax asset	204028	99095
Add: C.Y. Deferred Tax Liability	17073	0
	<b>12419778</b>	<b>12198677</b>
<b>SCHEDULE - F</b>		
<b>INVESTMENT</b>		
<b>QUOTED EQUITY SHARE OF: No. of Shares</b>		
* Somplast Leather India Ltd. 1166000	11660000	11660000
* Komm On Communication Ltc 172670 ( Market Price of Shares are not available.)	5180000	5180000
<b>UNQUOTED EQUITY SHARES OF:</b>		
Kadam Exports Pvt Ltd. 345780	3639770	3639770
	<b>20479770</b>	<b>20479770</b>
* Notes: (Quoted Shares are delisted so Market Value is not available)		
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS ,LOANS &amp; ADVANCE</b>		
<b>A.Sundry Debtors</b>		
(Unsecured considered good)		
More than six months	0	0
Other	236500	378000
	236500	378000
B.Cash on Hand	104330	301078
	104330	301078
<b>C.Balance with Schedule Bank</b>		
(in current account)	62184	52787
	62184	52787
<b>D.Loans &amp; Advances</b>		
(Advance recivable in cash or in Kind for value to be received)		
Loans & Advances	28159830	27623819
TDS Receivable	29716	308512
Deposits	2350450	2350450
	30539996	30282781
<b>TOTAL( A+B+C+D)</b>	<b>30943010</b>	<b>31014646</b>

<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry Creditors for good & Others	1034100	10000
Provisions	52460	46082
	<b>1086560</b>	<b>56082</b>
<b>SCHEDULE - I</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance	115301751	114293124
Add: Loss during the year	3112905	1008627
Balance carried to B/S	<b>118414656</b>	<b>115301751</b>
<b>SCHEDULE - J</b>		
<b>OTHER INCOME</b>		
Interest Receivable(TDS receivable-Rs.26537/-)	533455	550190
Car Rent	236500	378000
Short term capital gain	42500	0
	<b>812455</b>	<b>928190</b>
<b>SCHEDULE - K</b>		
<b>ADMINISTRATIVE &amp; OTHER EXP.</b>		
Advertisement Exp.	0	25841
Accident composition exp.	1000000	0
Audit Fees	22060	19302
Bank Charges	131	386
Car Exps.	57543	45618
Car loan int.	27581	0
Car Insurance	32943	43338
Custady Fees Exps.	59000	0
Demate Charges	276	276
Director's remuneration	540000	360000
Electricity charges	48473	41197
Int. on tds	198	380
Legal & Professional Exp.	35000	98500
Listing Fees	84680	278679
Loss on sale of Car	638966	0
Municipal Tax	5257	5257
Office Exp.	16886	16399
Petrol exp.	110995	0
Rent Exps.	114000	114000
Repairing Exp	1308	10010
Roc Filling Fees	11500	24000
Salary	170000	360000
Stationary & Printing Exp.	330	12528
Telephone Exp.	25870	24233
Travelling Exp.	152362	76296
vakil fees	174000	0
	<b>3329359</b>	<b>1556240</b>

**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	Deduction	CLOSING BALANCE	AS ON 31.03.2011	AS ON 31.03.2010
1	LAND	873500.00	0	0	873500	0	0	0	0	873500	873500
2	PLANT & MACHINERY	25600.00	0	0	25600	3648	1216	0	4864	20736	21952
3	Air Condition	50490.00	0	0	50490	4652	2398	0	7050	43440	45838
4	Motor Car	3402085.00	1601757	3402085	1601757	660287	370786	963119	67954	1533803	2741798
	<b>TOTAL</b>	<b>4351675</b>	<b>1601757</b>	<b>3402085</b>	<b>2551347</b>	<b>668587</b>	<b>374400</b>	<b>963119</b>	<b>79868</b>	<b>2471479</b>	<b>3683089</b>
	Previous Year	4301185	50490	0	4351675	14461	326991	0	341452	4010223	

## **KHYATI MULTIMEDIA ENTERTAINMENT LTD. 2010-11**

### **SCHEDULE -I**

#### **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>2010-11</u>	<u>2009-10</u>
Audit Fees (including Service Tax)	22060	19302
<b>Total</b>	<u><b>22060</b></u>	<u><b>19302</b></u>

4. The maximum amount due from the Directors is Rs NIL. (Previous year Rs. NIL.)
5. Remuneration paid to Directors is Rs .5.40Lacs (Previous year Rs.3.60Lacs)
6. Contingent liabilities not provided for Rs. 2.01 lacs
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. Figures in the Balance Sheet has been regrouped and rearranged wherever Necessary.
9. 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:

Name Of the Related Party & description of the relationship

Name of the Related Party	Nature of Relationship	Nature of Transaction	Amount of Transaction (Rs. in Lacs)	Yearend Balance(Rs. In Lacs)
Kartikbhai J. Patel	Director	Loan Taken Loan repaid	14.75 14.75	NIL
Kiritbhai Patel	Director	Director's Remuneration	5.40	0.15
Jignaben Patel	Relative of Director	Rent Paid	1.18	0.09

10. Earning Per Share

Sr. No.	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
1.	Net Profit attributable to shareholders	-3112905	-1008628
2.	Weighted average no. of Equity Shares	10800200	10800200
3.	Basic earning per share of Rs. 10/- each.	-0.29	-0.09

The EPS calculated after provision of deferred tax.

The company does not have any outstanding dilutive potential equity shares, Consequently, the basic and diluted earnings per share of the company remain the same.

11. According to the records available with the company, there were no dues to Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid/payable as required under the said Act have not been given.

12. 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 2011.

**For DJNV & Co**  
**Chartered Accountants**  
**ICAI Regn No.115145W**

**For KHYATI MULTIMEDIA**  
**ENTERTAINMENT LTD.**

**Nainesh Khandhar**  
**Partner**  
**M.No.39925**  
**Ahmedabad**  
**Date:02/09/2011**

**Director          Director**  
**Ahmedabad :**  
**Date:02/09/2011**

**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> Registrtrtion No. State Code Balance Sheet Date	U92199GJ1995PLC024284 04 31.03.2011
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	171222355 171222355 - 108002000 34960000 676080 15164496 - - 2471479 20479770 29856450 - 118414656
	<b><u>Performance of the Company</u></b> Turnover & Other Income Total Expenditure Profit before Tax Profit after Tax Earnings Per Share in Rs. Dividend Rate %	812455 3703759 -2891304 -3112905 -0.29 -
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 : 02.09.2011**



## ATTENDANCE SLIP

I Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_  
being a member/ proxy of **KHYATI MULTIMEDIA-ENTERTAINMENT LIMITED** do hereby  
record my presence at the 17th Annual General Meeting of the members of the Company  
to be held on Friday the 30th September, 2011, 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 17th Annual General Meeting of the members of the Company to be held on Friday the 30th September, 2011, 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)