

Annual Report 2007



Vedant

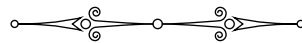
Our Mission

Create financial wealth for our shareholders.

Act with integrity, competence and dignity.

Practise and encourage others to practise
in a professional and ethical manner.

Use reasonable care and exercise
independent professional judgement.



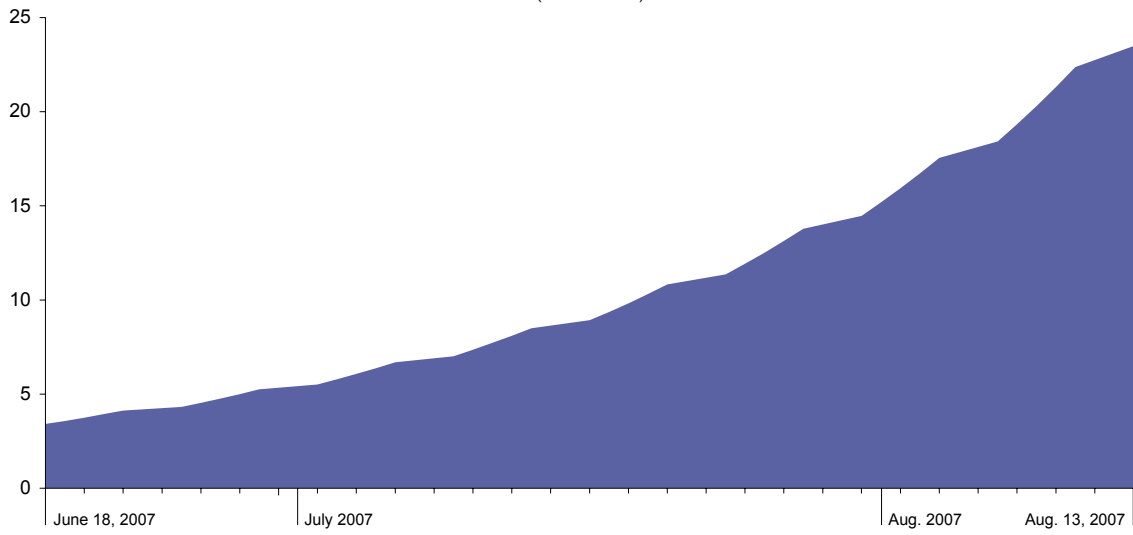
Board of Directors	Ramesh Havele Chairman & Managing Director
	Sudhir Deshpande Executive Director
	Veena Havele Rewati Golwalkar Shreeniwas Kale Gajanan Deshpande
Auditors	T. R. Jalnawala & Associates Chartered Accountants
Bankers	HDFC Bank Ltd. Saraswat Co-op. Bank. Ltd.
Registered Office	3, Chetana, Station Road, Aurangabad 431 005 Telefax : +91-240-2350523
Corporate Office	'Dhanada', 16/6, Erandawane Housing Society, Plot No. 8, Patwardhan Baug, Pune 411 004 Telefax : +91-20-25462408, 25460661
Email	vedant@vedanthotels.com
Website	www.vedanthotels.com
Registrar & Transfer Agent	Intime Spectrum Registry Ltd.
	Pune Office: Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune – 411001. Tel. : +91-20-26053503
	Mumbai Office: C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400078. Tel. : +91-22-25963838

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Market Capitalisation of Vedant Hotels Ltd.*

(Rs. in Crores)



* Based on closing prices of its Equity Shares on Bombay Stock Exchange (BSE)

Chairman's Letter

Dear Shareholder,

I have a great pleasure in presenting the 21st Annual Report for the year ended on 31st March 2007. During this year, the net-worth has increased by Rs. 0.53 Crore and the Book Value per equity share has increased from Rs. 1.53 to Rs. 1.95, a gain of 28%, while the BSE Index has registered a growth of 17% during the year.

Over the last 2 years (that is, since the present management took over) Book Value has grown from Rs. 0.33 to Rs. 1.95, a growth of 142% p. a. while the BSE Index has registered a growth of 42% p. a. during this period.

The sincere efforts of the new management of the Company have resulted in the resumption of trading of the Company's equity shares on Bombay Stock Exchange (BSE). The Market Price of the Equity Share on the date of signing this letter was Rs. 18.79

During the year, the management signed an agreement with Kamant Hotels (India) Ltd. a reputed company in the Hospitality Industry, for management of the Hotel Vedant at Aurangabad, for a period of ten years. Currently, the refurbishment of Hotel is in progress under the supervision of Kamat Hotels (India) Ltd. and income from hotel operations is expected to begin during the financial year 2008-09.

I take this opportunity to thank our team, Consultants, Bombay Stock Exchange (BSE) and Kamat Hotels (India) Ltd. for their contribution in the reconstruction and revival of the Company. I am grateful to our shareholders for the patience and faith they have reposed in us.

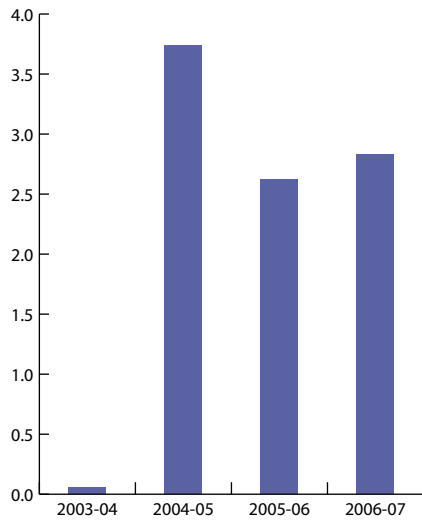
I look forward to meet you during our Annual Meet scheduled on 27th September 2007 at Hotel Vedant, Aurangabad.

Regards

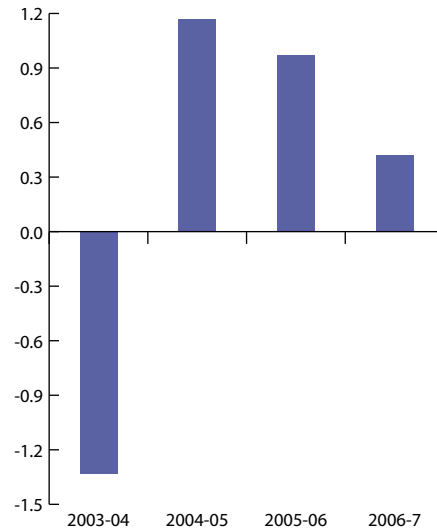
Ramesh Havele
Chairman and Managing Director

Pune, 13th August 2007

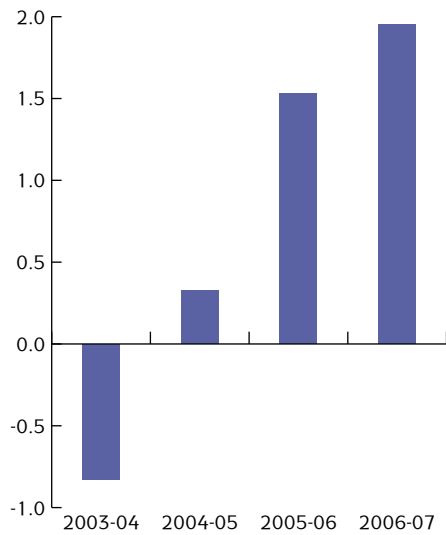
Total Income (Rs. in Crores)



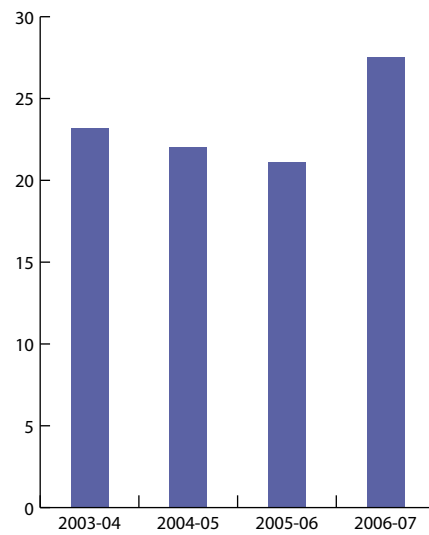
Basic Earnings Per Share (in Rs.)



Book Value (in Rs.)



Total Assets (Rs. in Crores)



Directors' Report

To,
The Members,

The Board of Directors of your company have pleasure in presenting the Twenty-first Annual Report of the Company together with the Audited statements of accounts for the year ended on 31st March 2007.

1. Financial Results

Your Company's performance during the year as compared to the previous year is summarized below.

(Rs. in Crores)

Particulars	2006-07	2005-06
Gross Income	2.83	2.62
Profit / (Loss) for the year	1.46	1.61
Proposed Dividend on Pref. Shares	0.80	0.35
Provision for Tax on Dividend	0.14	0.05
Balance carried to Balance Sheet	0.53	1.21

2. Operations

The work for refurbishing and restarting The Hotel Vedant at Aurangabad is going on full steam.

The Company has entered into an agreement with M/s. Kamat Hotels (India) Ltd., a reputed company in hospitality sector, for operation and management of the hotel for a period of ten years.

The management expects revenues from Hotel operation to commence during financial year 2008-2009.

The income reported during the year is mainly from the investment of surplus funds with a Portfolio Manager.

3. Dividend

The Board has recommended 8% dividend on the Preference shares for the year ended 31st March 2007. The Board does not recommend any dividend on the Equity Shares for the year ended on 31st March 2007.

4. Conservation of Energy & Technology Absorption

The Company's use of electricity was minimal during the year under review. The Company does not undertake any research and development activity neither does it use any imported technology.

5. Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings : Nil
Foreign Exchange Outgo : Nil

6. Auditors

You are requested to appoint the auditors for the current year. M/s. T. R. Jalnawala & Associates, Chartered Accountants, Aurangabad, retiring auditors of the Company, are eligible for reappointment and have conveyed their willingness for reappointment.

Directors' Report

7. Directors

Shri Gajanan M. Deshpande and Mrs. Veena R. Havele retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment.

8. Fixed Deposits

The Company has not accepted deposits from the public within the meaning of Section 58 A of the Companies Act, 1956 and the rules framed there under.

9. Employees

There was no employee falling under Sec. 217(2A) of the Companies Act, 1956.

10. Audit Report

The observations in the Auditor's Report are self-explanatory.

11. Corporate Governance & Management Discussion

As per clause 49 of the Listing Agreement, Management Discussion and report on Corporate Governance are annexed to and form part of the Directors' Report.

12. Directors' Responsibility Statement

The Directors of the Company hereby state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had 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 affairs of the Company at the end of the financial year and of profit and loss of the Company for that period;
- iii) that the Director have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) that the Directors have prepared the accounts on a going concern basis.

13. Acknowledgment

The Directors express their sincere thanks to the shareholders, bankers and Bombay Stock Exchange for their faith, cooperation and support.

For and on behalf of the Board of Directors

Ramesh R. Havele
Chairman and Managing Director

Aurangabad, 25th July 2007

Management Discussion and Analysis Report

1. Industry Structure and Developments

The good times for hotel industry continue. The general buoyancy in economy has helped the hospitality industry to register excellent growth. The boom in hospitality industry is expected to stay in the years to come.

2. Opportunities and Threats

The on-going financial restructuring and revitalization of the Company offers a great opportunity to the Company to encash on the current boom in hospitality industry.

3. Finance

The Company has raised adequate funds from Banks for refurbishing of the Hotel.

4. Segment-wise or Product-wise Performance

The company works in Hospitality segment only. The revenues from the hotel project are expected to commence from the next financial year.

During the year, the Company has invested surplus funds with a Portfolio Manager and has earned good returns on it. If such surplus funds arise in future, the management will continue to deploy them into this activity.

5. Outlook

The Company has entered into an agreement with M/s. Kamat Hotels (India) Ltd., a reputed company in hospitality sector, for operation and management of the hotel for a period of ten years.

The management is in the process of refurbishing and re-opening the Hotel Vedant, at Aurangabad and it is expected that the Hotel will be fully operational during the financial year 2008-2009.

6. Risks and Concerns

Apart from seasonality and growing competition in hospitality industry, the socio-political situation, governmental restrictions, power & water shortages and lack of infrastructure facilities are some of risks, which could affect the performance of the Company.

The major concerns for the management are delay in re-opening the Hotel due to non-availability of skilled manpower and technical issues.

7. Internal Control Systems and their Adequacy

Internal controls are adequate considering the size and operations of the Company.

8. Discussion on Financial Performance with respect to Operational Performance

The operations of the hotel project are yet to restart. The income reported is mainly from investment of surplus funds with a Portfolio Manager.

9. Material Developments in Human Resources/Industrial Relations Front, including number of people Employed

As the operations of hotel project are not yet commenced, the Company employs only skeletal staff. As such there are no material developments in human resources or industrial relations front.

*Management Discussion and Analysis Report***10. Cautionary Statement**

Statements in this Management Discussion and Analysis Report describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include unavailability of finance at competitive rates, competition, significant changes in political and economic environment in India, regulatory provisions, tax laws, litigation, exchange rate fluctuations, interest and other costs.

Report on Corporate Governance

I. Philosophy

The Company's philosophy of corporate governance is to achieve business excellence and stakeholders' welfare through good corporate governance. Your Directors have realized that corporate governance is much more than boards and committees. Integrity, accountability and transparency in dealings and compliance with regulatory norms are the basic principles of good corporate governance. Your company strives to embody these principles in its philosophy of corporate governance.

2. Board of Directors

a. Composition of Board:

The Board consists of 6 Directors, Shri. Ramesh R. Havele is the Chairman and Managing Director of the Company. All Directors except Managing Director and Shri. S. T. Deshpande are Non-executive Directors. Shri Shreeniwas G. Kale, Shri Gajanan M. Deshpande and Mrs. Rewati R. Golwalkar are independent Directors.

Name of Directors	Category
Shri Ramesh Havele	Executive Director
Shri Sudhir Deshpande	Executive Director
Shri Shreeniwas Kale	Independent Director
Shri Gajanan Deshpande	Independent Director
Mrs. Rewati Golwalkar	Independent Director
Mrs. Veena Havele	Non-executive Director

b. Meeting and Attendance of each Director at the Board and the last Annual General Meeting:

During the period 2006-2007, your Board met 5 (Five) times on following dates:

Sr. No.	Date of Board Meeting
1.	20th April 2006
2.	29th June 2006
3.	28th July 2006
4.	30th October 2006
5.	25th January 2007

The details of the attendance of the Directors in their meeting and in the last Annual General Meeting are given below:

Sr. No.	Name of Directors	Category	Attendance		Other Directorship/ Committee Membership	
			Board Meeting	AGM	Other Directorship**	Committee Chairmanship/ Membership
1.	Ramesh Havele	Executive	5	Yes	1	1
2.	Sudhir Deshpande	Executive	5	Yes	2	Nil
3.	Shreeniwas Kale	Independent Director	3	Yes	1	2
4.	Gajanan Deshpande	Independent Director	3	No	Nil	2
5.	Mrs. Rewati Golwalkar	Independent Director	3	Yes	1	2
6.	Mrs. Veena Havele	Non-Executive	5	Yes	1	3

** Excluding directorships in Private Limited Companies, Membership of Remuneration Committee of various bodies.

Report on Corporate Governance

Necessary information as mentioned in Annexure IA to Clause 49 of the Listing Agreement has been placed before the Board of Directors for their consideration.

c. Code of Conduct:

The Board of the Company has laid down a code of conduct for all Board members and senior management of the company. The code of conduct is available on the website of the company, www.vedanthotels.com. All Board members of the company have affirmed compliance with the code of conduct and the Managing Director has confirmed the same.

d. No director draws any remuneration from the Company.

e. Particulars of directors seeking re-appointment are annexed to the notice of the Annual General Meeting.

3. Audit Committee

The Audit committee is constituted under the Chairmanship of Shri. Gajanan Deshpande. Shri Shreeniwas Kale, Mrs. Veena Havele and Rewati Golwalkar are the other members of the committee. All the members of the Committee are non-executive Directors. Shri Gajanan M. Deshpande, is a Bachelor of Commerce (B.Com.) and other members have long experience in business accounts.

Before finalization of Accounts and adoption of the Quarterly financial results by the Board, Audit Committee meetings were held on the following dates, during the financial year 2006-07.

28th June 2006, 28th July 2006, 30th October 2006, 25th January 2007.

The attendance of the members is as follows:

Sr. No.	Name of Directors	Held during the year	Attended
1.	Shri. Gajanan M. Deshpande	4	4
2.	Shri. Shreeniwas G. Kale	4	3
3.	Mrs. Veena R. Havele	4	4
4.	Mrs. Rewati R. Golwalkar	4	3

The role and powers of the Audit Committee are as laid down under the Clause 49 II D of the listing Agreement and under Section 292A of the Companies Act, 1956.

4. Remuneration Committee

No director draws any remuneration from the Company.

The sitting fee payable to the Directors during the year 2006-2007 were not paid and is not claimed by the Directors considering the financial position of the Company.

Since there is no remuneration to the Directors, no meeting of the Remuneration Committee was held during the year 2006-2007.

5. Shareholders Grievance Committee

The Investors' Grievance Committee is constituted under the Chairmanship of Mrs. Rewati Golwalkar. The other members of the committee are Shri. Gajanan Deshpande, Shri. Shreeniwas Kale and Mrs. Veena Havele.

As per the requirements of SEBI, Shri Ramesh Havele, Director is the Compliance Officer.

The Share Transfer Committee consists of Shri. Ramesh Havele and Mrs. Veena Havele.

Report on Corporate Governance

3 (Three) Investors' complaints were received during the year which were promptly replied to. There were no complaints pending on 31st March 2007 as per Company's records. There are no pending share transfers as on 31st March 2007.

6. Details of the Shares and other convertible Instruments held by Non-executive Directors

Following table gives the shares and convertible instruments held by the non-executive directors as on 31st March 2007.

Name of Director	Category	Number of shares held. Equity shares of Re.1/- each
Shri. Gajanan M. Deshpande	Independent	Nil
Shri. Shreeniwas G. Kale	Independent	Nil
Mrs. Veena R. Havele	Non-Executive	Nil
Mrs. Rewati R. Golwalkar	Independent	Nil

7. General Body Meetings

The details of Annual General Meeting held during the last 3 years are as follows:

Year	Venue	Date	Time
2003-2004	Conference Hall, Vedant Hotel, Station Road, Aurangabad, 431 005.	30th September 2004	11.00 a.m.
2004-2005	Conference Hall, Vedant Hotel, Station Road, Aurangabad, 431 005.	30th September 2005	11.00 a.m.
2005-2006	Conference Hall, Vedant Hotel, Station Road, Aurangabad, 431 005.	25th September 2006	11.00 a.m.

Details of Special resolutions passed in the previous three Annual General Meetings.

Date of Annual General Meeting	Details of Special resolution passed
30th September 2004	Nil
30th September 2005	Nil
25th September 2006	Nil

Details of Special resolutions passed in Extra-ordinary General Meetings held in the last three years.

Date of Extra-ordinary General Meeting	Details of Special resolution passed
15th June 2005	1. Delisting of Securities from Ahmedabad & Pune Stock Exchange.
	2. Commencement of new business.
	3. Sanction under section 372A of the Companies Act, 1956.
	4. Reduction of Capital.
	5. Increase in Authorised Capital.
	6. Alteration to Articles of Associations.
	7. Sanction under section 81 (IA) of the Companies Act, 1956.

During the year 2006-2007, no resolution was passed by postal ballot.

Report on Corporate Governance

8. Subsidiaries

The Company has no subsidiaries.

9. Disclosures

- (i) During the year under review, there were no significant transactions by the Company with its Promoters, Directors, Subsidiaries, Relatives etc. that would have potential conflict with the interest of the company.

Transactions with related parties are disclosed in Note No. 15 of Schedule 10 to the Accounts in Annual Report.

- (ii) No penalty or restrictions were imposed on the company by any of the Stock Exchanges, SEBI or any statutory body on any matter related to Capital Market during the last three years.
- (iii) The Company has complied with all applicable mandatory requirements of the revised clause 49 of the Listing Agreement. It has not adopted any non-mandatory requirements.
- (iv) The declaration by the Managing Director stating that all the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended 31st March 2007, is annexed to the Corporate Governance Report.

10. Means of Communication

The Company has been sending the quarterly reports to the principal Stock Exchange where the shares of the company are listed, immediately after approval by the Board.

The Company puts forth vital information about it on its website www.vedanthotels.com regularly for the benefit of its shareholders and public at large.

11. Management Discussion and Analysis

The Management Discussion and Analysis, given separately forms part of this annual report.

12. General Shareholders Information

- (i) Date of meeting of the Board of Directors in which Accounts for the year 2006-2007 were approved 25th July 2007.
- (ii) Date of Annual General Meeting 27th September, 2007
- Venue Conference Hall, Hotel Vedant
Station Road, Aurangabad 431005.
- Time 11.30 a.m.
- (iii) Financial calendar
Financial Year: 1st April to 31st March

1st quarterly results	28th July 2006
2nd quarterly results	30th October 2006
3rd quarterly results	25th January 2007
Annual results for the year ended on 31st March 2007	25th July 2007

Report on Corporate Governance

(iv) Particulars of Dividend Dividend of Re. 0.08 per share (8%) has been recommended by the Board of Directors on the Preference Shares of the Company. No dividend is recommended for the Equity shareholders of the Company. The preference dividend if approved will be paid on or after 27th September 2007.

(v) Book Closure For Annual General Meeting and payment of preference dividend, the book closure is from 24th September 2007 to 27th September 2007 (Both days inclusive).

(vi) Listing

Shares are listed at Bombay Stock Exchange Ltd. (BSE), Mumbai, Stock Code – 531198.

The trading in the Company's shares has been resumed by the Bombay Stock Exchange w.e.f. 8th May 2007.

The Company is in the process of voluntary de-listing of its shares from all other Stock Exchanges. As on date, the Company has received de-listing confirmation letters from Ahmedabad, Pune and Madras Stock Exchanges. Permission for de-listing from Calcutta and Delhi Stock Exchange Association is awaited.

The listing fees of all stock exchanges are paid up-to date.

(vii) Dematerialization

The Company has entered into agreements with NSDL and CDSL for dematerialisation. The dematerialization of the shares of the company is in process. The shareholders are welcome to send their shares to any of the depositories for dematerialisation.

(viii) Market Price data

Since no trading of our stocks has taken place on any of the stock exchanges during the previous year, the high and low price of the shares, comparison of the performance with BSE Sensex, is not available.

(ix) Share transfer system

The Company has appointed M/s. INTIME SPECTRUM REGISTRY LIMITED as Registrar & Transfer Agents for physical and Demat mode. The Board has delegated the power of share transfer to Registrar & Transfer Agents to expedite the process of transfer. Application for transfer of shares is complied with within 30 days from the date of receipt, if the application is in order.

(x) Share holding pattern as on 31st March 2007

(a) Distribution of share holding as on 31st March 2007

No. of Equity Shares	No. of Members	% to total Members	No. of Shares	% to total Shares
Upto 5000	4571	98.03	2275200	18.20
5001 - 10000	46	0.99	344500	2.76
10001 & above	46	0.98	9880300	79.04
Total	4663	100.00	12500000	100.00

Report on Corporate Governance

(b) Categories of shareholders as on 31st March 2007

Category	No. of Shares Held	Percentage of Shareholding
A) Promoter's Holding		
a) Indian Promoter	7959800	63.68
b) Foreign Promoter	—	—
Sub Total	7959800	63.68
B) Non-promoter's Holding		
a) Institutional Investors		
Mutual Funds and UTI	127500	1.02
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-govt. Institutions)	400000	3.20
b) FIs	—	—
c) Other Corporate Bodies	206100	1.65
d) Indian Public	3285500	26.28
e) NRIs/OCBs	521100	4.17
f) Any Other	—	—
Sub Total	4540200	36.32
Grand Total	12500000	100.00

(xi) Location of plant:

Vedant Hotels Limited
Station Road, Aurangabad – 431005.

(xii) Address for correspondence:

Vedant Hotels Limited
Dhanada, 16/6, Erandwana Hsg. Soc.,
Plot No. 8, Patwardhan Baug,
Pune – 411004.
Email: vedant@vedanthotels.com

(xiii) Share Transfer Agents:

Intime Spectrum Registry Ltd.

Pune Office:

Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off. Dhole Patil Road,
Pune – 411001.

Mumbai Office:

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400078.

*Report on Corporate Governance***Declaration by Managing Director**

I, Ramesh Ramchandra Havele, Managing Director of Vedant Hotels Limited, hereby confirm pursuant to clause 49 (I) (D) of the listing agreement that:

The Board of Directors of Vedant Hotels Limited has laid down a code of conduct for all Board members and senior management of the Company. The said code of conduct has also been posted on the Company's website www.vedanthotels.com.

All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended 31st March 2007.

Ramesh R. Havele
Managing Director

**Annexure to the Report of the Directors Certificate from Auditors Regarding
Compliance of Conditions of Corporate Governance**

To the Shareholders of Vedant Hotels Ltd.

We have examined the compliance of conditions of Corporate Governance by Vedant Hotels Limited, for the year ended on 31st March 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2007, no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company which are presented to the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For T. R. Jalnawala & Asso.
Chartered Accountants

Aurangabad, 25th July 2007

T. R. Jalnawala
Proprietor
M. No. 37084

Four-year's Summary of Selected Financial Data

(Rs. in Crores)

Particulars	2003-04	2004-05	2005-06	2006-07	CAGR* %
Total Income from Operations	0.002	3.74	2.62	2.83	-13
Profit Before Depreciation and Interest	(0.03)	2.28	2.39	2.39	3
Financial Charges	1.08	0.59	0.07	0.11	-
Gross Profit / (Loss)	(1.11)	1.69	2.32	2.29	16
Depreciation	-	0.72	0.72	0.71	-
Profit / (Loss) Before Tax	(1.11)	0.97	1.61	1.57	27
Profit / (Loss) After Tax	(1.11)	0.97	1.61	1.46	23
Cash Profit / (Loss)	(1.11)	1.69	2.32	2.29	16
Earning per Share Rs.	-1.33	1.17	1.29	1.17	0.1
Basic Earning per Share	-1.33	1.17	0.97	0.42	-40
Dividend %					
- Convertible Preference Shares	-	-	8	8	-
Book Value per Share Rs.	-0.83	0.33	1.53	1.95	142
Market Price per Share (Rs.)	N.T.	N.T.	N.T.	N.T.	N.A.
Market Capitalisation as at 31st March	N.A.	N.A.	N.A.	N.A.	N.A.

Sources of Funds					
Shares Capital					
- Equity Shares	8.31#	8.31#	1.25	1.25	
- Convertible Preference Shares	-	-	10.00	10.00	
Reserves and Surplus	0.25	0.25	0.66	1.18	
Borrowings	14.63	13.46	9.22	15.13	
Total	23.19	22.02	21.12	27.56	
Uses of Funds					
Net Fixed Assets	15.60	14.89	14.18	13.58	
Investments	0.03	0.03	4.86	4.45	
Net Current Assets	(1.69)	(1.18)	2.08	9.53	
Miscellaneous Expenses	9.26	8.28	-	-	
Total	23.19	22.02	21.12	27.56	

Financial Results and Statistics	Average				
Profit before depreciation and interest as a percentage of Total Income	-	61	91	85	76
Returns on Shareholders Fund %	-	-	386	77	232
Price / Book Value Ratio	N.A.	N.A.	N.A.	N.A.	N.A.

Corporate Performance vs BSE Index					
(1) Annual Percentage change in Book Value	-	-	359	28	193
(2) Annual Percentage change in BSE Index (Including Dividend)	-	-	75	17	46
(3) Relative Performance (1) - (2)	-	-	284	11	147

*Compounded Annual Growth Rate from 2004-05

N.T. : Not Traded (as trading was suspended from 2nd July 2002 to 7th May 2007)

N.A. : Not Available/Applicable

Face value of Equity Shares of Rs. 10/- each.

Auditor's Report

We have audited the attached Balance Sheet of VEDANT HOTELS LTD. as at 31st March 2007 and also the cash flow statement Profit and 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.

We conducted our audit in accordance with 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.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, 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 law have been kept by the company so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit & Loss Account 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 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, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
 - b) in the case of the Profit and Loss Account, of the Profit/Loss for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For T. R. Jalnawala & Asso.
Chartered Accountant

T. R. Jalnawala
Proprietor
M. No. 37084

Aurangabad, 25th July 2007

Annexure to the Auditor's Report

With reference to paragraph 1 of our report to the shareholders of Vedant Hotels Ltd. of even date, we report that, in our opinion and to the best of our knowledge and belief and as per information and explanations furnished to us and the books and records examined by us in the normal course of audit.

Having regard to the nature of the company current business\ activities and results for the year; clauses (xii), (xiii), (xix) and (xx) of CARO, 2003 are not applicable.

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details & situation of the fixed assets.
- (b) Most of the fixed assets have been physically verified by the management during the year and as examined by us no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, none of the fixed assets have been revalued during the year under report.
2. In respect of inventory of stores & materials.
 - a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In our opinion, and according to the information and explanations given to us,

The company has taken unsecured loan from companies, firms or their parties listed in the register maintained under section 301 & 307 (1B) of the Companies Act, 1956 during the year the terms and conditions for such loan are not prima facie prejudicial to the interest of the companies.
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 for purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of good.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to information and explanation given to us the transactions of purchases of goods and material and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party have been made at prices which in our opinion are reasonable having regard to prevailing market prices of goods materials and services or the prices at which similar transactions have been made with other parties and the Company's business need exigencies.
6. The company has not accepted deposits from the public during the year & hence the question of complying with the provision of section 58A & 58AA of the Company Act, 1956 and the rules framed there under does not arise.
7. **The Company has no formal internal audit department as such but its control procedures ensure reasonable internal checking of its financial and other records.**

Annexure to the Auditor's Report

8. We are informed that the Central Govt. has not prescribed maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956, for any of the product of the company.
9. According to information and explanation given to us in respect of statutory dues.

The Company has been generally regular in depositing undisputed dues of Provident fund, Investor Education and Protection Fund, E.S.I.C, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other applicable statutory dues with the appropriate authorities during the year.
10. The Company has no accumulated losses as at 31st March 2007. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanation given by the management, the Company has settled all the dues of loans of Financial Institutions and Banks under O.T.S. Scheme during the financial year.
12. The company has maintained proper records of transactions and contracts in respect of dealing or trading in Shares, Securities, debentures and other investments and timely entries have been made therein. Securities comprising of Stock are held in the name of Portfolio Manager on behalf of the Company.
13. According to the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. The question of term & conditions does not arise.
14. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets etc) and vice versa, other than temporary deployment pending application.
15. In our opinion and according to the information & explanation given to us, having regards to the nature of the company business no fraud on or by the company was noticed or reported during the year.

For T. R. Jalnawala & Asso.
Chartered Accountant

Aurangabad, 25th July 2007

T. R. Jalnawala
Proprietor
M. No. 37084

Balance Sheet as at 31st March 2007

	Schedule	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
SOURCES OF FUND			
SHAREHOLDERS' FUNDS			
a) Share Capital	1	112,500,000.00	112,500,000.00
b) Reserves & Surplus	2	11,844,218.83	6,584,760.85
		<u>124,344,218.83</u>	<u>119,084,760.85</u>
LOANS FUNDS			
a) Secured Loans	3	59,129,354.57	—
b) Unsecured Loans	4	92,151,025.02	92,151,025.02
Total		<u>275,624,598.42</u>	<u>211,235,785.87</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block	5	208,087,609.64	208,087,609.64
b) Less : Depreciation		73,529,955.68	66,397,919.11
c) Net Block		134,557,653.96	141,689,690.53
d) Capital Work-in-Progress		1,248,568.69	104,145.00
		<u>135,806,222.65</u>	<u>141,793,835.53</u>
INVESTMENTS	6	44,476,574.65	48,619,393.85
CURRENT ASSETS LOANS & ADVANCES			
a) Inventories		192,100.00	192,100.00
b) Stock of Securities		45,004,955.14	34,700,752.84
c) Sundry Debtors		2,068,349.30	2,123,547.16
d) Cash & Bank Balances		56,209,332.96	79,428.00
e) Loans & Advances		2,639,263.82	784,088.00
		<u>106,114,001.22</u>	<u>37,879,916.00</u>
Less : Current Liabilities & Provision	8		
a) Current Liabilities		294,910.10	13,108,656.81
b) Provisions		10,477,290.00	3,948,702.70
		<u>10,772,200.10</u>	<u>17,057,359.51</u>
NET CURRENT ASSETS		95,341,801.12	20,822,556.49
MISCELLANEOUS EXPENDITURE		—	—
Total		<u>275,624,598.42</u>	<u>211,235,785.87</u>

Subject to our Report of even date Annexed

For T. R. Jalnawala & Associates
Chartered Accountants

For and on behalf of the Board

T. R. Jalnawala
Proprietor
M. No. 37084

Ramesh R. Havele
Managing Director

Sudhir T. Deshpande
Executive Director

Aurangabad, 25th July 2007

Profit and Loss Account for the year ended 31st March 2007

	Schedule	Year Ended 31/03/2007 Rs.	Year Ended 31/03/2006 Rs.
INCOME:			
A) Sales & Services Rendered			
1) Hall Hire Charges		126,100.00	22,629.00
2) Room & Other services		—	—
B) Other Income	A	28,129,975.09	26,156,860.46
	Total	<u>28,256,075.09</u>	<u>26,179,489.46</u>
EXPENDITURE			
A) Food & Beverages Consumed			
1) Opening Stock		192,100.00	192,100.00
2) Add : Purchases		—	—
3) Less : Opening Stock W/Off		—	—
4) Less : Closing Stock		192,100.00	192,100.00
		—	—
B) Operating, Administration & Selling Expenses	B	4,189,685.12	2,123,649.28
C) Salary & Wages		138,000.00	138,000.00
D) Financial Expenses	C	1,059,605.42	677,978.04
	Total	<u>5,387,290.54</u>	<u>2,939,627.32</u>
Profit before Depreciation & Tax		22,868,784.55	23,239,862.14
Less : Depreciation		7,132,036.57	7,162,399.43
Profit before Tax		15,736,747.98	16,077,462.71
Provision for Tax			
1) Income Tax		1,111,000.00	—
2) Fringe Benefit Tax		6,690.00	—
Profit after Tax		14,619,057.98	16,077,462.71
APPROPRIATIONS			
1) Proposed Dividend on Preference Shares		8,000,000.00	3,463,013.70
2) Income Tax on Dividend		1,359,600.00	485,689.00
Balance Carried to Balance Sheet		<u>5,259,457.98</u>	<u>12,128,760.01</u>

Subject to our Report of even date Annexed

For T. R. Jalnawala & Associates
Chartered Accountants

T. R. Jalnawala
Proprietor
M. No. 37084

For and on behalf of the Board

Ramesh R. Havele
Managing Director

Sudhir T. Deshpande
Executive Director

Aurangabad, 25th July 2007

Cash Flow Statement for the year ended 31st March 2007

	Year Ended 31/03/2007 Rs.	Year Ended 31/03/2006 Rs.
A) CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax and Extra-ordinary items	15,736,747.98	16,077,462.71
Adjustments for:		
Depreciation	7,132,036.57	7,162,399.43
Interest Expenses	498,416.80	677,712.00
Interest Received	(356,580.04)	–
Dividend Received	(800.00)	(12,030.00)
Operating profit before Working Capital changes	23,009,821.31	23,905,544.14
Adjustments for:		
Decrease / (Increase) in Trade & Other Receivables	55,197.86	(55,995.21)
Decrease / (Increase) in Inventories	(10,304,202.30)	(32,928,634.76)
Loans & Advances	(1,855,175.82)	92,926.00
Increase / (Decrease) in Trade & Other Payables	(6,285,159.41)	362,883.34
Cash generated from operations	4,620,481.64	(8,623,276.49)
Income Tax Paid	(1,117,690.00)	–
Cash flow before extra-ordinary items	3,502,791.64	(8,623,276.49)
Misc. Expenditure W/off	–	74,801,700.00
Net cashflow from operating activity	3,502,791.64	66,178,423.51
B) CASH FLOW FROM INVESTING ACTIVITY		
(Purchase) / Sale of Fixed Assets (Net)	(1,144,423.69)	(104,145.00)
(Purchase) / Sale of Investments (Net)	4,142,819.20	(48,318,393.85)
Interest Received	356,580.04	–
Dividend Received	800.00	12,030.00
Net cashflow from investing activity	3,355,775.55	(48,410,508.85)
C) CASH FLOW FROM FINANCING ACTIVITY		
Increase in Share Capital	–	29,387,000.00
Proceeds from / (Repayment of) Borrowing (Net)	59,129,354.57	(42,453,163.00)
Proposed Dividend on Preference Shares	(8,000,000.00)	(3,463,013.70)
Proposed Dividend Tax on Preference Shares	(1,359,600.00)	(485,689.00)
Interest and Finance charges paid	(498,416.80)	(677,712.00)
Net cashflow from financing activity	49,271,337.77	(17,692,577.70)
D) Net increase in Cash and Cash Equivalent	56,129,904.96	75,336.96
Cash and Cash Equivalent as on 01-04-2006	79,428.00	4,091.04
Cash and Cash Equivalent as on 31-03-2007	56,209,332.96	79,428.00

Note : Figures in brackets represent Cash Outflow and without brackets Cash Inflow.

Subject to our Report of even date Annexed

For T. R. Jalnawala & Associates
Chartered Accountants

For and on behalf of the Board

T. R. Jalnawala
Proprietor
M. No. 37084

Ramesh R. Havele
Managing Director

Sudhir T. Deshpande
Executive Director

Aurangabad, 25th July 2007

Schedules Forming Part of the Balance Sheet

	Year Ended 31/03/2007 Rs.	Year Ended 31/03/2006 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
Authorised Share Capital		
50,000,000 Equity Shares of Re. 1/- each.	50,000,000.00	50,000,000.00
100,000,000 8% Cumulative Convertible Preference Shares of Re. 1/- each.	100,000,000.00	100,000,000.00
Total	<u>150,000,000.00</u>	<u>150,000,000.00</u>
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
12,500,000 Equity Shares of Re. 1/- each.	12,500,000.00	12,500,000.00
10,000,000 8% Cumulative Convertible Preference Shares of Re. 1/- each.	100,000,000.00	100,000,000.00
Total	<u>112,500,000.00</u>	<u>112,500,000.00</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Loss of Earlier Years	–	(81,960,552.55)
Less: Losses of earlier years written off	–	73,916,553.39
Balance in Profit & Loss Account	4,084,760.85	–
Add: Profit for the current year	5,259,457.98	12,128,760.01
Balance in Profit & Loss Account	9,344,218.83	4,084,760.85
Special Capital Incentives	2,500,000.00	2,500,000.00
Total	<u>11,844,218.83</u>	<u>6,584,760.85</u>
SCHEDULE 3		
SECURED LOANS		
Saraswat Co-op. Bank Ltd. T/L	5,00,00,000.00	–
Saraswat Co-op. Bank Ltd. O/D	9,129,354.57	–
Total	<u>59,129,354.57</u>	<u>–</u>
SCHEDULE 4		
UNSECURED LOANS		
Dhanada Portfolio Mgt. Ltd., (Loan A/c)	90,046,837.00	90,046,837.00
Sales Tax Defferment	2,104,188.02	2,104,188.02
Total	<u>92,151,025.02</u>	<u>92,151,025.02</u>
SCHEDULE 6		
INVESTMENTS		
Shares In Janta Sahakari Bank Ltd., Pune (1000 Shares of Rs. 100/- Each)	–	100,000.00
Shares In Rupee Co-op Bank Ltd. Pune (40 Shares of Rs. 25/- Each)	–	1,000.00
Shares In Deogiri Nagari Sahakari Bank Ltd (4000 Shares of Rs. 25 Each)	–	100,000.00
Shares In Jalgaon Janta Sahakari Bank Ltd (1000 Shares of Rs. 100/- Each)	–	100,000.00
Shares In The Saraswat Co.Op. Bank Ltd. (2500 Shares of Rs. 10/- Each)	25,000.00	–
Shares In NEPC India Ltd. (1069121 Shares)	19,451,574.65	48,318,393.85
Shares In Malkan Engineering Pvt. Ltd. (2500000 Shares of Rs. 10/- Each)	25,000,000.00	–
Market Vaule Rs. 4,37,88,073.55)		
Total	<u>44,476,574.65</u>	<u>48,619,393.85</u>

Schedules Forming Part of the Balance Sheet

(in Rs.)

Description of Assets	Rate	Gross Block		As At 31/03/2007	Total up to 31/03/2006	Depreciation During the Year	Total up to 31/03/2007	Net Block As At 31/03/2007
		As At 31/03/2006	Add/Sale/Adj. during the Year					
Land	-	7,134,324.00	-	7,134,324.00	-	-	-	7,134,324.00
Building	1.63%	118,816,378.44	-	118,816,378.44	17,309,225.85	1,936,706.97	19,245,932.82	99,570,445.62
Plant & Machinery	4.75%	49,266,340.26	-	49,266,340.26	21,569,752.76	2,340,151.16	23,909,903.92	25,356,436.34
Furniture & Fixtures	9.50%	30,374,118.94	-	30,374,118.94	27,518,940.50	2,855,178.44	30,374,118.94	-
Solar Water Heater	-	2,496,448.00	-	2,496,448.00	-	-	-	2,496,448.00
Sub Total	-	208,087,609.64	-	208,087,609.64	66,397,919.11	7,132,036.57	73,529,955.68	134,557,653.96
Work in Progress (W.I.P.)								
W.I.P. (Ref. - Building)	-	94,625.00	216,356.20	310,981.20	-	-	-	310,981.20
W.I.P. (Ref. - Plant & Machinery)	-	9,520.00	928,067.49	937,587.49	-	-	-	937,587.49
Sub Total	-	104,145.00	1,144,423.69	1,248,568.69	-	-	-	1,248,568.69
Total	-	208,191,754.64	1,144,423.69	209,336,178.33	66,397,919.11	7,132,036.57	73,529,955.68	135,806,222.65

Schedules Forming Part of the Balance Sheet

	As at 31/03/2007 Rs.	As at 31/03/2006 Rs.
SCHEDULE 7		
CURRENT ASSETS		
Inventories	192,100.00	192,100.00
<i>(As taken Valued & Certified by Director)</i>		
Stock of Secureites	45,004,955.14	34,700,752.84
<i>(As taken Valued & Certified by Director)</i>		
Receivables	2,068,349.30	2,123,547.16
Cash & Bank Balances:		
Cash in Hand	1,014.00	24,813.00
HDFC Bank Ltd. (Current A/c.)	5,168,318.96	54,615.00
HDFC Bank Ltd. (Dividend A/c.)	40,000.00	-
HDFC Bank Ltd. (Fixed Deposit A/c.)	1,000,000.00	-
Saraswat Co. op. Bank (Fixed Deposit A/c.)	50,000,000.00	-
Sub Total	56,209,332.96	79,428.00
Loans, Advances & Deposits:		
Loans & Advances	1,691,899.82	307,074.00
Deposit	947,364.00	477,014.00
Sub Total	2,639,263.82	784,088.00
Total	106,114,001.22	37,879,916.00
SCHEDULE 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	117,850.10	13,026,779.81
Fring Benefit Tax	-	6,309.00
Other Payables	117,060.00	75,568.00
Sub Total	294,910.10	13,108,656.81
Provisions		
Income Tax	1,111,000.00	-
Fringe Benefit Tax	6,690.00	-
Proposed Dividend on Preference Shares	8,000,000.00	3,463,013.70
Proposed Dividend Tax	1,359,600.00	485,689.00
Sub Total	10,477,290.00	3,948,702.70
Total	10,772,200.10	17,057,359.51

Schedules Forming Part of the Profit & Loss Account

	Year Ended 31/03/2007 Rs.	Year Ended 31/03/2006 Rs.
SCHEDULE A		
Other Income		
Securities Sales:	122,848,229.58	63,588,191.41
Less: Opening Stock of Securities	34,700,752.84	1,772,118.08
Less: Securities Purchases	105,379,836.83	70,371,995.71
Add: Closing Stock of Securities	45,004,955.14	34,700,752.84
	27,772,595.05	26,144,830.46
Gain from Trading in Securities		
Dividend	800.00	12,030.00
Interest Received on Bank FDR	356,580.04	–
Total	28,129,975.09	26,156,860.46
SCHEDULE B		
OPERATING, ADMINISTRATION & OTHER EXPENSES:		
Stamp Duty & Other Charges	203,376.50	–
Advertisement	39,896.00	12,880.00
Audit Fees	33,708.00	33,060.00
Balance W/off	354.41	14.22
Interest on FBT 2005-2006	627.00	–
Insurance	203,884.00	–
Brokerage & Service Tax - F/O	–	9,875.01
BSE Listing Fees & Other Stock Exchanges	881,150.00	40,000.00
Electricity & Gas	1,101,233.84	–
Entertainment Expenses	34,417.50	2,458.00
Insurance of Labour	3,531.00	3,498.00
Legal & Professional Charges	382,599.00	322,384.00
Diesel for Genset	14,109.40	–
Municipal Tax	185,445.00	511,715.00
Office Expenses	5,806.00	18,748.00
Office Rent	–	1,800.00
Portfolio Management Fees	549,359.73	388,499.43
Postage, Stamps & Courier	85,982.00	60,254.00
Premium on Call/Put Option	–	22,410.00
Printing Stationary	202,081.00	60,400.00
Registrar & Transfer Agent charges	64,410.80	72,035.43
Repairs & Maintenance	9,617.50	700.00
ROC Filling Fees	1,000.00	428,600.00
Securities Transaction Tax	19,350.15	6,863.69
Service Tax (PMS Fees)	67,242.00	39,626.94
Service Tax (Sale/Purchase of Share)	9,754.78	9,463.11
Telephone Bills	–	3,260.00
Travelling Expenses	82,380.51	75,104.45
FBT A.Y. 2006-2007	6,309.00	–
Membership & Subscription	2,060.00	–
Total	4,189,685.12	2,123,649.28
SCHEDULE C		
Financial Expenses		
Bank Commission	561,188.62	266.04
Interest on Loan	435,939.72	677,712.00
Interest on Bank Over Draft	62,477.08	–
Total	1,059,605.42	677,978.04

Schedule 9

Notes Forming Part of Accounts

1. Previous years figures are regrouped, reworked and rearranged wherever necessary.
2. Quantitative information in respect of goods produced or manufactured pursuant to the provision of paragraph 2nd & 4c of the part of II of the schedule VI to the Companies Act, 1956 has been given as per annexure I.
3. Managerial Remuneration:
No managerial remuneration is paid or payable for the current year.
4. Auditor's Remuneration:

For Audit	Rs. 30,000/-
For Service Tax	Rs. 3,708/-
5. Imports of C.I.F. basis
Raw material & components
(Including Software)
Stores & Spares, Capital goods
NIL
6. Expenditure in foreign currency
Technical know-how fees
Overseas business expenses etc.
NIL
7. Earning in Foreign Exchange
Income from service
NIL
8. The Quantitative data of closing stock & valuation of stock of securities have been adopted as furnished & certified by the management of the company.
9. **As required by the Accounting Standard AS 15, regarding Accounting for Retirement Benefits of Employees, no provision for Gratuity under the Payment of Gratuity Act, 1972; as well as for Leave Encashment, has been made in the books of the Company and the same will be accounted for on cash basis.**
10. **Depreciation has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 during the year. In case of Furniture & Fixtures, the entire residual value amounting to Rs. 28,55,178.44 which is lesser taken the Depreciation under Straight Line Method has been charged off as depreciation for the year.**
11. The provision of Income Tax has been made under section 115J – Minimum Alternate Tax (MAT).
12. The company has carried the activities of dealing in stocks and has earned profit from it, however the main hotel activity is yet to be recommenced.
13. The outstanding balances of sundry creditors, sundry debtors and advances (taken or given) are subject to reconciliation & consequent adjustment if any.
14. In spite of constant and continuous efforts, the Company was not able to appoint a qualified Company Secretary u/s 383 A of the Companies Act, 1956.
15. There are no dues to accounts relating small-scale Industrial undertaking.
16. The Company has taken concrete steps to commence the business of Hotel Activity. Accordingly, an agreement has been entered with M/s. Kamat Hotels (India) Limited under which the day to day operations of the Hotel will be managed by M/s. Kamat Hotels (India) Limited.

Notes Forming Part of Accounts

17. The Company has availed a Term Loan from Saraswat Co. Op. Bank Ltd. for refurbishment of the hotel. The entire Assets such as Land, Building, Plant & Machinery etc. have been mortgaged to the bank.
18. Presently, renovation of the Hotel is under progress under the supervision of M/s. Kamat Hotels (India) Ltd. It is expected that the commercial activity of Hotel will commence by the end of current year.
19. The Company has invested surplus funds in the financial securities and has conducted trading activity of shares.
20. Related party disclosures:

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard the names of the related parties are as under;

a. Subsidiaries/Associates/Key Managerial Personnel/other of the Company:

Sr. No.	Name of the Related Party	Relationship
1	Vedant Holdings Pvt Ltd.	Associate Companies
2	Deshpande Sudhir Tukaram	Key Managerial Personnel

b. Transaction during the year with related parties:

Sr. No.	Name of the Parties	Opening Balance	Addition/Incurred During the Year	Return/Paid During the Year	Balance Outstanding as on 31/03/2007
1	Vedant Holdings Pvt Ltd.	1,13,64,599.86	–	1,13,64,599.86	NIL
2	Deshpande Sudhir Tukaram (Towards Reimbursement of Expenses)	163.45	2,84,178.52	2,84,341.97	NIL

21. Earning Per Share (EPS):

As per Accounting Standard 20, issued by the Institute of Chartered Accountants of India, the disclosure of Earning Per Share is as under:

Particulars	2006-2007	2005-2006
Net Profit as Per Profit & Loss	1,46,19,057.98	1,60,77,462.71
Less: Proposed Dividend on Preference Share	80,00,000.00	34,63,013.70
Less: Provision For Taxation for dividend on Preference Shares	13,59,600.00	4,85,689.00
Net Profit available for equity shareholders	52,59,457.98	1,21,28,760.01
Number of Equity Shares used as denominator for calculating EPS	1,25,00,000	1,25,00,000
Basic Earning Per Share (Rs)	0.42	0.97

Notes Forming Part of Accounts

22. Significant Accounting Policies

1. Basis of Accounting:

The financial statements are prepared on historical cost basis in accordance with applicable accounting standards and on the accounting principle of going concern. Income & expenditure is accounted on mercantile basis.

2. Accrual System of Accounting:

Accrual system of accounting is adopted.

3. Sales:

- a. Revenue from Hotel activity is recognized on rendering of services and billing to the customer.
- b. In case of Trading in shares/securities revenue is recognized on sale of securities

4. Fixed Assets:

Fixed assets are valued at cost less depreciation. In respect of borrowed capital used for construction of fixed assets, interest during the period of construction period has been capitalized as per AS.10 on Accounting for Fixed Assets issued by the Institute of Chartered Accountants of India.

5. Method of Depreciation:

The Depreciation has been provided as per Schedule XIV of the Companies Act, 1956 on Straight Line Method during the year.

6. Investments:

All Investments are valued at cost of acquisition. Temporary diminution in the value of investment to be held for long period of time is not recognized.

7. Inventories:

Stocks of securities are valued at cost or market price whichever is less basis.

8. Research & Development:

The Company does not have a Separate Research & Development department and has not incurred any expenditure on Research & Development.

As per our report of even date Annexed

For T. R. Jalnawala & Asso.
Chartered Accountants

For Vedant Hotels Ltd.

T. R. Jalnawala
Proprietor
M. No. 37084

Ramesh R. Havele
Managing Director

Sudhir T. Deshpande
Executive Director

Aurangabad, 25th July 2007

Statement Pursuant to Part IV of Schedules VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	:	40398	State Code	:	11
Balance Sheet Date	:	31st March 2007			

II. Capital Raised During the Year (*Amount in Thousands*)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

III. Position of Mobilisation and Deployment of Funds (*Amount in Thousands*)

Total Liabilities	:	275,624.60	Total Assets	:	275,624.60
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Sources of Funds:

Paid-up Capital	:	112,500.00	Reserves and Surplus	:	11,844.22
Secured Loan	:	59,129.35	Unsecured Loan	:	92,151.03

Application of Funds:

Net Fixed Assets	:	135,806.22	Investments	:	44,476.57
Net Current Assets	:	95,341.80	Misc. Expenditure	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of Company (*Amount in Thousands*)

Turnover	:	28,256.08	Total Expenditure	:	12,519.33
Profit/(Loss) Before Tax	:	15,736.75	Profit/(Loss) After Tax	:	14,619.06
Earnings Per Share (in Rs.)	:	0.42	Dividend Rate	:	Nil

V. Generic Names of Three Principal Products/Services of the Company (*As per monetary terms*)

Item Code No. : Not Applicable
(ITC Code)

Product Description : Hotel

Notice of Annual General Meeting

The 21st Annual General Meeting of members of **VEDANT HOTELS LIMITED**, will be held on **Thursday, 27th September 2007 at 11:30 a.m. at Conference Hall of HOTEL VEDANT**, Station Road, Aurangabad 431 005 to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March 2007 and the Balance Sheet as at that date together with reports of the Directors & Auditors thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Shri. Gajanan M. Deshpande who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mrs. Veena R. Havele who retires by rotation and being eligible offers herself for reappointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Company's Auditors, M/s. T. R. Jalnawala & Associates, Chartered Accountants, of Aurangabad be and are hereby reappointed as auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and that the Board of Directors be and is hereby authorised to fix their remuneration for the period.”

By order of the Board of Directors

Ramesh Havele
Managing Director

Aurangabad, 25th July 2007

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at meeting instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. Members are requested to notify immediately any change in their address to the company's Registered Office/Corporate Office.
3. The Registers of the members and shareholders book of the company will remain closed from 24/09/2007 to 27/09/2007 both days inclusive.
4. Dividend (in case of preference shares only) if approved, will be paid to those members whose names appear on the Register of Members as on 27th September 2007.

Notice of Annual General Meeting

5. Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement).

1. Shri. Gajanan Mahadeo Deshpande:

Date of Birth: 27th October 1954

Date of Appointment: 25th October 2005

Nature of experience:

He is a Bachelor of Commerce (B.Com.), and worked with Bajaj Auto Ltd. as a Software Professional for 23 years. After leaving Bajaj Auto Ltd. in 2001, he is engaged in educating high net-worth individuals and corporate clients in the field of Portfolio Management. He is actively involved with social and cultural activities.

Directorship in other Companies:

Dhanada Portfolio Management Ltd.
16/6, Erandwana Housing Society,
Plot No. 8, Patwardhan Baug,
Pune – 411004

Committee Position held:

Chairmanship: Audit Committee of Vedant Hotels Ltd.

Details of shares / other instruments held by the Non-executive Director:

Shri. G. M. Deshpande does not hold any shares in the company.

2. Mrs. Veena Ramesh Havele

Date of Birth: 28th August 1965

Date of Appointment: 25th October 2005

Nature of experience:

She is a Bachelor of Commerce (B.Com.). She is a promoter director of Dhanada Portfolio management Limited. She has trained individual entrepreneur clients in the field of preparation of Accounts, Balance Sheet and Stock Market investments. She has played a key role in the growth of Dhanada Portfolio Management Ltd.

Directorship in other Companies:

Dhanada Portfolio Management Ltd.
16/6, Erandwana Housing Society,
Plot No. 8, Patwardhan Baug,
Pune 411004.

Committee Position held:

Membership: Audit Committee of Vedant Hotels Ltd.

Membership: Share Transfer Committee of Vedant Hotels Ltd.

Membership: Shareholders Grievance Committee of Vedant Hotels Ltd.

Details of shares / other instruments held by the Non-executive Director:

Mrs. Veena Havele does not hold any shares in the company.

Regd. Office:
3, Chetana, Station Road, Aurangabad 431005.

Corporate Office:
'Dhanada' 16/6, Erandawana Housing Society,
Plot No. 8, Patwardhan Baug, Pune 411004.



PROXY FORM

Regd. Folio No: No. of Shares Held

I/We

Address:

appoint

Address:

as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on Thursday, 27th September 2007 at 11:30 a.m. at Conference Hall of HOTEL VEDANT, Station Road, Aurangabad 431 005.

Affix One
Rupee
Revenue
Stamp

Signature of the Shareholder

Note:

The Proxy form duly completed should be deposited at the entrance of the meeting hall not less than 48 hours before the time fixed for holding the meeting.



CUT HERE

Regd. Office:
3, Chetana, Station Road, Aurangabad 431005.

Corporate Office:
'Dhanada' 16/6, Erandawana Housing Society,
Plot No. 8, Patwardhan Baug, Pune 411004.



ATTENDANCE SLIP

Regd. Folio No: No. of Shares Held

Name of the Shareholder:

Name of the Proxy:

I hereby record my presence at the 21st Annual General Meeting on Thursday, 27th September 2007.

Signature of Member/Proxy

(To be signed and handed over at the Meeting Venue)



Vedant Hotels Limited

Registered Office

3, Chetana, Station Road,
Aurangabad 431 005
Telefax : 91-240-2350523

Corporate Office

'Dhanada', 16/6,
Erandawane Housing Society,
Plot No. 8, Patwardhan Baug,
Pune 411 004
Telefax : 91-20-25462408, 25460661

Email : vedant@vedanthotels.com

Website : www.vedanthotels.com