

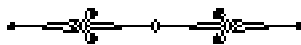
Our Mission

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

Veena Havele**Rewati Golwalkar****Shreeniwas Kale****Gajanan Deshpande**

Auditors

T. R. Jainawala & Associates
Chartered Accountants

Bankers

HDFC Bank Ltd.
Saraswat Co-op. Bank. Ltd.

Registered Office

3, Chetana, Station Road,
Aurangabad 431 005
Telefax : +91-240-2350701

Corporate Office

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

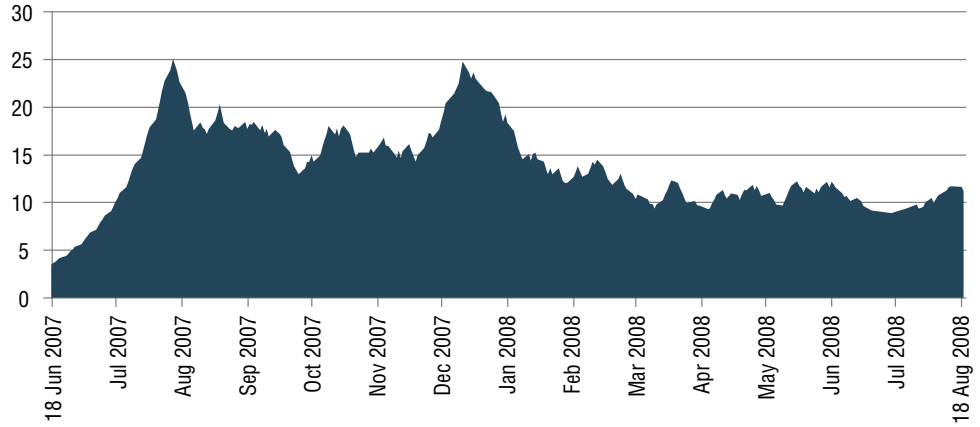
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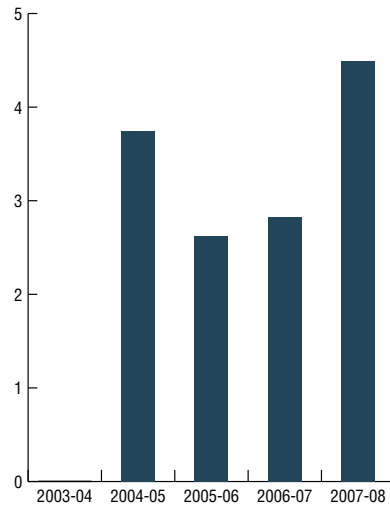
Market Capitalisation of Vedant Hotels Ltd.*

(Rs. in Crores)

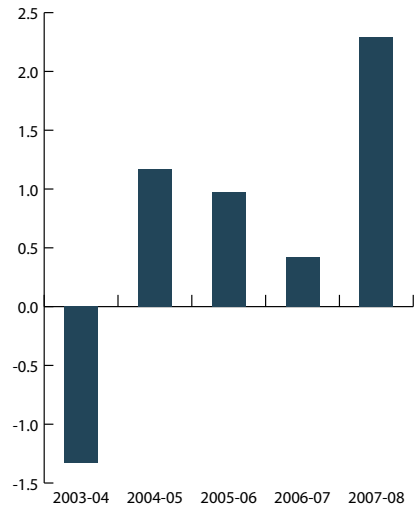


* Based on closing prices of its Equity Shares on Bombay Stock Exchange (BSE)

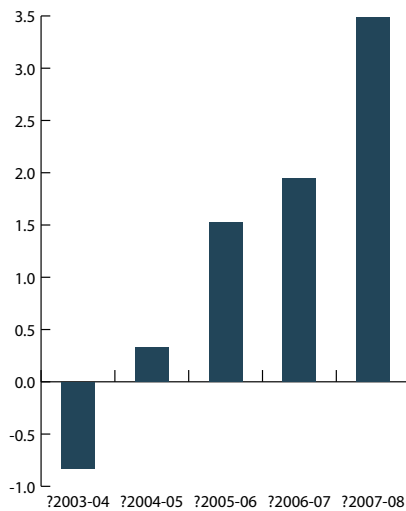
Total Income (Rs. in Crores)



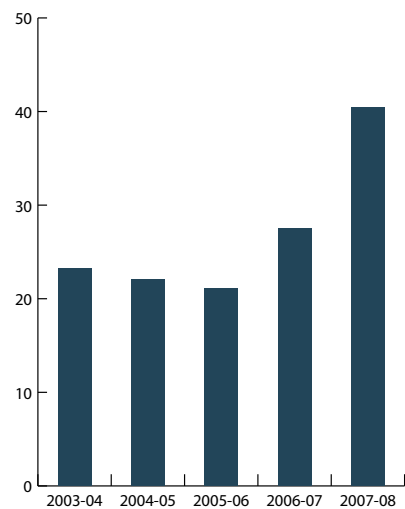
Basic Earnings Per Share (in Rs.)



Book Value (in Rs.)



Total Assets (Rs. in Crores)



Chairman's Letter

Dear Shareholder,

I have a great pleasure in presenting the 22nd Annual Report for the year ended on 31st March 2008. During this year, the net-worth has increased by Rs. 1.93 Crores and the Book Value per equity share has increased from Rs. 1.95 to Rs. 3.49, a gain of 79%, while the BSE Index has registered a growth of 20% during the year.

Over the last 3 years (that is, since the present management took over) Book Value has grown from Rs. 0.33 to Rs. 3.49, a growth of 119% p. a. while the BSE Index has registered a growth of 34% 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) from 8th May 2007. The Market Capitalisation of the Company's Equity Share on the date of signing this letter was Rs. 11 Crores

As reported in my last year's Letter 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. After renovation, Hotel Vedant reopened partially on 26th June 2008. The Hotel is now renamed as VITS - Aurangabad.

I take this opportunity to thank our Team, Consultants, Bombay Stock Exchange (BSE), Kamat Hotels (India) Ltd. and Saraswat Co-op. Bank 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 30th September 2008 at Hotel Vedant (VITS - Aurangabad).

Regards

*Ramesh Havele
Chairman and Managing Director*

Pune, 20th August 2008



Directors' Report

To,
The Members,
Vedant Hotels Limited

The Board of Directors of your company has pleasure in presenting the Twenty-second Annual Report of the Company together with the Audited statements of accounts for the year ended on 31st March, 2008.

1. Financial Results

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

(Rs. In Crores)

Particulars	2007-08	2006-07
Gross Income	4.49	2.83
Profit after Tax / (Loss) for the year	2.86	1.46
Proposed Dividend on Pref. Shares	0.80	0.80
Provision for Tax on Dividend	0.14	0.14
Balance carried to Balance Sheet	1.93	0.53

2. Operations

After renovation, Hotel Vedant at Aurangabad re-opened partially on 26th June 2008. The Hotel is now renamed as VITS - Aurangabad and is being managed by Kamat Hotels (India) Ltd.

The income reported is mainly from investment of temporary surplus funds in securities and financial instruments.

3. Listing

The trading in the Company's shares has been resumed by Bombay Stock Exchange with effect from 8th May 2007.

The Company has voluntarily de-listed its shares from all other Stock Exchanges.

4. Dividend

The Board has recommended 8% dividend on the Preference shares for the year ended 31st March 2008. The Board does not recommend any dividend on the Equity Shares for the year ended on 31st March 2008.

5. 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.

6. Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings	:	Nil
Foreign Exchange Outgo	:	Nil



7. 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.

8. Directors

Shri. Shreeniwas Gajanan Kale and Mrs. Rewati Ravindra Golwalkar retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment.

10. 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.

11. Employees

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

12. Audit Report

The Auditor Report contains certain observations and we offer our comments in this regard as under:

Internal Audit System:

The Company has not appointed an Internal Auditor as the Hotel was non operational during the year. However, it has developed adequate control systems commensurate with the size of the Company and nature of its business.

Sales Tax Deferral:

Due to financial difficulties the Company could not pay the deferred sales tax due for the last four years. However, the Company will settle the dues shortly.

Gratuity:

The Company had no employees during last few years. As such there is no Gratuity Liability / Leave Encashment Liability as on 31st March 2008.

13. Corporate Governance & Management Discussion

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

14. 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.

15. Acknowledgment

The Directors express their sincere thanks to Dhanada Portfolio Management Limited and Saraswat Co.op. Bank Limited for the co-operation extended and the shareholders for the faith and belief shown by them.

For and on behalf of the
Board of Directors

Ramesh. R. Havele
Chairman and Managing Director

Pune, 25th July 2008



Management Discussion and Analysis Report

1. Industry structure and developments

Hotel Industry in India has witnessed tremendous boom in recent years. The general buoyancy in economy and growth in tourism has helped the hospitality industry to register excellent growth. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years.

2. Opportunities and Threats

The on-going 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 in the financial year 2008-09.

During the year, the Company has invested temporary surplus funds in Securities and Financial Instruments and has earned good returns on it. If such surplus funds arise in future, the management will continue to deploy such funds into this activity.

5. Outlook

The Company has entered into an agreement on 16th February 2007 with M/s. Kamat Hotels (India) Ltd. (KHIL), a reputed company in hospitality sector, for operation and management of the hotel for a period of ten years.

After renovation, Hotel Vedant at Aurangabad reopened partially on 26th June 2008. The Hotel is now renamed as VITS - Aurangabad and is being managed by Kamat Hotels (India) Ltd.

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 current slow down in the economic growth is also a matter of concern.

7. Internal control systems and their adequacy

The Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations.

8. Discussion on financial performance with respect to operational performance

The operations of the hotel project did not start during the year under review. The income reported is mainly from investment of surplus funds in Securities and Financial Instruments. The Financial statements attached fairly represent the Company's state of affairs and profit for the year.

9. Material developments in Human Resources / Industrial Relations front, including number of people employed



The Company under the guidance of Kamat Hotels (India) Limited has appointed the necessary staff required for the Hotel. The training and development of the personnel is looked after by Kamat Hotels (India) Limited.

10. Cautionary Statement

Statements in this Management Discussion and analysis 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, litigations, exchange rate fluctuations, interest and other costs.



Report On Corporate Governance

1. 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. Corporate Governance is a set of principles, processes and systems to be followed by the directors, management and all employees of the company for enhancement of shareholders value, keeping in view interest of other stake holders. Your company strives to embody these principles and practices in its philosophy of corporate governance.

2. Board of Directors

a. Composition of Board:

The Board consists of 5 Directors, Shri. Ramesh R. Havele is the Chairman and Managing Director of the Company. All Directors except Managing Director 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. Shreeniwas Kale	Independent Director
Shri. Gajanan Deshpande	Independent Director
Mrs. Rewati Golwalkar	Independent Director
Mrs. Veena Havele	Non-executive Director

b. Changes during the year in the Composition of Board of Directors:

Mr. Sudhir T. Deshpande resigned from the Board w.e.f. 3rd August 2007

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

During the period 2007-2008, your Board met 4 (Four) times on following dates:

Sr. No.	Date of Board Meeting
1.	27 th April 2007
2.	25 th July 2007
3.	25 th October 2007
4.	28 th January 2008

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	4	Yes	1	1
2.	Sudhir Deshpande	Executive	2	N.A.	2	Nil
3.	Shreeniwas Kale	Independent Director	3	No	1	2
4.	Gajanan Deshpande	Independent Director	4	Yes	Nil	2
5.	Mrs. Rewati Golwalkar	Independent Director	4	Yes	1	2
6.	Mrs. Veena Havele	Non-Executive	4	Yes	1	2

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



Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board of Directors for their consideration.

d. 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.

e. No director draws any remuneration from the Company except sitting fees.

3. Audit Committee

The Audit committee is constituted under the Chairmanship of Shri. Gajanan Deshpande. Shri. Shreeniwas Kale, Mrs. Veena Havele and Rewati Golwalkar, Directors 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.

During the financial year 2007-08, four Audit Committee meetings were held on the following dates, including meetings held before finalization of Accounts and adoption of the Quarterly financial results by the Board.

27th April 2007, 25th July 2007, 25th October 2007, 28th January 2008

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	4

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.

CEO/CFO Certification

The Board has recognized the Chairman and Managing Director of the Company as the CEO for the limited purpose of Compliance under the Listing Agreement. The CEO has certified, in terms of revised Clause 49 of the Listing Agreement to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

4. Remuneration Committee

No director draws any remuneration from the Company except sitting fees to non-executive directors.

Since there is no remuneration to the non-executive Directors, no meeting of the Remuneration Committee was held during the year 2007-2008.



5. Shareholders / Investors Grievance Committee

The Shareholders / 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 Compliance Officer.

44 (Forty Four) Investor complaint/s were received during the year which were promptly replied to. There were no complaints pending on 31.03.2008 as per Company's records. There are no pending share transfers as on 31st March 2008.

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 2008.

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

7. General Body Meetings

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

AGM/Year	Venue	Date	Time
2004-2005	Conference Hall, Hotel Vedant, Station Road, Aurangabad, 431005.	30 th September 2005	11.00 a.m.
2005-2006	Conference Hall, Hotel Vedant, Station Road, Aurangabad, 431005.	25 th September 2006	11.00 a.m.
2006-2007	Conference Hall, Hotel Vedant, Station Road, Aurangabad, 431005.	27 th September 2007	11.30 a.m.

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

Date of Annual General Meeting	Details of Special resolution passed
30 th September 2005	Nil
25 th September 2006	Nil
27 th September 2007	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
15 th 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 Authorized Capital. 6. Alteration to Articles of Association. 7. Sanction under section 81 (1A) of the Companies Act, 1956

Details of Special resolutions passed during 2007-2008 by postal ballot - NIL

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 and Relatives etc. that would have potential conflict with the interest of the company.
- (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. The Company has not formed any Whistle Blower policy yet.
- (iv) Shri. Ramesh R. Havele and Mrs. Veena R. Havele are related to each other as husband and wife.
- (v) 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 2008 is annexed to the Corporate Governance Report.

10. Means of Communication

The Company has been sending the quarterly reports to Bombay Stock Exchange, the principal Stock Exchange where the shares of the company are listed, immediately after approval by the Board. The results are published in the 'Economics Times' and 'Hindustan Times'.

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. Compliance Certificate of the Auditors

The Company has obtained a Certificate from the Statutory Auditors confirming compliance with conditions of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed.

13. General Shareholders Information

- (i) Date of meeting of the Board of Directors in which Accounts for the year 2007-2008 were approved 25th July 2008
- (ii) Date of Annual General Meeting 30th September 2008
- Venue Conference Hall,
(VITS – Aurangabad)
(Erstwhile Hotel Vedant)
Station Road,
Aurangabad 431005.
- Time 4:00 p.m.

- (iii) Financial Calendar for 2008-09 (Tentative)

Financial Year: 1st April 2008 to 31st March 2009

1 st quarterly results	Last week of July 2008
2 nd quarterly results	Last week of October 2008
3 rd quarterly results	Last week of January 2009
Annual results for the year Ending 31.03.2009	Last week of July 2009

- (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 on the Equity shares of the Company. The preference dividend if approved will be paid on or after 30th September 2008.
- (v) Book Closure For Annual General Meeting and payment of preference dividend, the book closure is from 26th September 2008 to 29th September 2008 (Both days inclusive).
- (vi) Listing

Shares are listed on Bombay Stock Exchange (BSE), Stock Code: 531198

The trading in Company's shares has been resumed by BSE w.e.f. 8th May 2008. During the year the Company received permission for de-listing of its shares from Calcutta and Delhi Stock Exchanges.

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



(vii) Dematerialization

The Company has entered into dematerialization agreements with NSDL and CDSL. (ISIN: INE041F01015). The shareholders are welcome to send their shares to any of the depositories for dematerialization. As on 30th June 2008 15.67 % (1958400 shares) are held in demat form.

It may be noted that Dhanada Portfolio Management Limited owns 63.68% of the Company's Equity Shares and the same are held in physical form. If these shares were to be excluded from the total number of shares then dematerialized shares accounted to 43.13%.

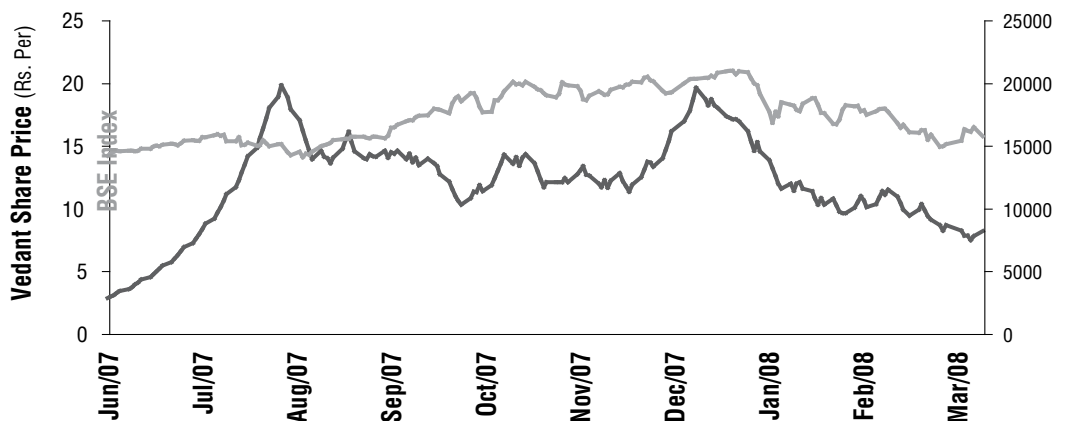
(viii) Market Price data

The trading in Company's shares has been resumed by BSE w.e.f. 8th May 2008. The monthly high/low prices of share of the Company on BSE from 1st April 2007 to 31st March 2008 are given below:

Sr. No.	Month	High (Rs.)	Low (Rs.)	Volume of Shares
1	April 2007*	N.A.	N.A.	N.A.
2	May 2007*	N.A.	N.A.	N.A.
3	June 2007	4.20	2.73	1000
4	July 2007	12.15	4.41	18400
5	August 2007	20.70	12.75	92300
6	September 2007	16.11	13.23	64300
7	October 2007	14.17	9.82	29900
8	November 2007	14.93	11.00	68300
9	December 2007	20.00	11.00	88400
10	January 2008	19.50	10.90	35700
11	February 2008	12.00	9.03	19300
12	March 2008	10.84	7.00	10900

* No trading took place during these months.

The Chart below gives the movement of the closing price of the Company's share against the BSE Sensex for the period 18th June 2007 (i.e. the date on which the actual trading resumed) to 31st March 2008.



(ix) Share transfer system

The Company has appointed M/s. INTIME SPECTRUM REGISTRY LIMITED as Registrar & Transfer Agents for both physical and demat mode. Application for transfer of shares in physical form 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 2008

Distribution of share holding as on 31st March 2008

No. of Equity Shares	No. of Members	% to total Members	No. of Shares	% to total Shares
Upto 5000	4399	97.89	2225800	17.81
5001-10000	46	1.02	334200	2.67
10001 & above	50	1.09	9940000	79.52
Total	4495	100.00	12500000	100.00

(xi) Categories of shareholders as on 31st March 2008

Category	No. of shares Held	Percentage of Shareholding
Promoters' Holding		
Promoter		
Indian Promoters	7959800	63.68
Non-promoters' Holding		
Institutional Investors		
Mutual Funds and UTI	127500	1.02
Banks, Financial Institutions, Insurance Companies	400000	3.20
<i>(Central/State Govt. Institutions/ Non- govt. Institutions)</i>		
FII's		
Other Corporate Bodies	218895	1.75
Indian Public	3351605	26.82
NRIs / OCBs	438000	3.50
Any Other	4200	0.03
GRAND TOTAL	12500000	100.00



(xii) Outstanding GDRs/ADRs/ Warrants or any convertible instruments:

The company has issued 10,00,00,000 Convertible Preference Shares of Re.1/- each, which are scheduled to be converted into Equity Shares of Re.1/- each of the Company on the following dates:

25% on 25th October 2012
25% on 25th October 2013
25% on 25th October 2014
25% on 25th October 2015

The Conversion Price of the Preference shall be determined in accordance with SEBI (Disclosure & Investor Protection) Guidelines 2000 as applicable on the date of conversion. As per the presently applicable guideline (Para 13.1.1.1) the conversion price shall be higher of the following:

- a) The average of the weekly high and low of the closing prices of equity shares of the company quoted on BSE during the six months preceding the conversion date or,
- b) The average of the weekly high and low of the closing prices of equity shares the company quoted on BSE during the two weeks preceding the conversion date.

The likely impact of the conversion on the equity capital cannot be determined at this stage, except that the equity capital shall increase to that extent.

(xiii) Location of plant

Vedant Hotels Limited
Survey No. 18349/1/1+2+3,
Station Road,
Aurangabad – 431005.

(xiv) Address for correspondence:

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

(xv) Share Transfer Agents:

Head Office:

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mill Compound
L.B.S. Marg, Bhadup (West) Mumbai 400078

Pune Address:

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



Declaration by Managing Director

I, Ramesh Ramchandra Havele, Managing Director of Vedant Hotels Limited, hereby confirm pursuant to clause 49 (1) (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 2008.

Ramesh 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 Limited

We have examined the compliance of conditions of Corporate Governance by Vedant Hotels Limited, for the year ended on 31st March 2008, 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, 2008, 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

T. R. Jalnawala
Proprietor
M. No. 37084

Pune, 25th July 2008



Five year's Summary of Selected Financial Data

	(Rs. in Crores)					
Particulars	03-04	04-05	05-06	06-07	07-08	CAGR* %
Total Income from Operations	0.002	3.74	2.62	2.83	4.49	6
Profit Before Depreciation and Interest	(0.03)	2.28	2.39	2.39	4.02	21
Financial Charges	1.08	0.59	0.07	0.11	0.26	-24
Gross Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	31
Depreciation	-	0.72	0.72	0.71	0.43	-15.6
Profit / (Loss) Before Tax	(1.11)	0.97	1.61	1.57	3.33	51
Profit / (Loss) After Tax	(1.11)	0.97	1.61	1.46	2.87	43
Cash Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	31
Basic Earning per Share Rs.	-1.33	1.17	1.29	1.17	2.29	25
Dividend %						
- Convertible Preference Shares	-	-	8	8	8	0
Book Value per Share Rs.	-0.83	0.33	1.53	1.95	3.49	119
Market Value per Share (Rs.)	N.T.	N.T.	N.T.	N.T.	8.08	N.A.
Market Capitalisation as at 31 st March	N.A.	N.A.	N.A.	N.A.	10.10	N.A.
Sources of Funds						
Shares Capital						
- Equity Shares	8.31	8.31	1.25	1.25	1.25	
- Convertible Preference Shares	-	-	10.00	10.00	10.00	
Reserves and Surplus	0.25	0.25	0.66	1.18	3.11	
Borrowings	14.63	13.46	9.22	15.13	26.19	
Total	23.19	22.02	21.12	27.56	40.55	
Uses of Funds						
Net Fixed Assets	15.60	14.89	14.18	13.58	16.94	
Investments	0.03	0.03	4.86	4.45	4.98	
Net Current Assets	(1.69)	(1.18)	2.08	9.53	18.63	
Miscellaneous Expenses	9.26	8.28	-	-	-	
Total	23.19	22.02	21.12	27.56	40.55	
Financial Results and Statistics						Average
Profit before depreciation and interest as a percentage of Total Income	-	61	91	85	90	82
Returns on Shareholders Fund %	-	-	386	77	118	145
Price / Book Value (Goodwill) Ratio	-	N.A.	N.A.	N.A.	2	2
Corporate Performance vs BSE Index						
1) Annual Percentage change in Book Value	-	-	359	28	79	155
2) Annual Percentage change in BSE Index (Including Dividend)	-	-	75	17	21	38
3) Relative Performance (1) - (2)	-	-	283	11	58	117

*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.

Face Value reduced to Re. 1/- on 25th October 2005.



Auditor's Report

We have audited the attached Balance Sheet of **VEDANT HOTELS LTD.** as at **31st March 2008** 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.

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.

Further to our comments in the Annexure referred to above, and subject to **Notes on Accounts 9 & 10** we report that;

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;

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.

The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

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;

On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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, 2008 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. Jalanwala & Asso.
Chartered Accountant

Pune, 25th July 2008

T. R. Jalanwala
Proprietor
M. No. 037084



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's 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 Company.

- 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 needs/ 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.

- 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.
- a) Since the hotel activity was defunct, the Company has neither deducted nor paid PF and ESIC for the year 2007-2008.

b) The following dues on account of Sales tax have not been deposited by the company:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates
Bombay Sales Tax Act	Sales Tax	1,05,373	2004-2005
Bombay Sales Tax Act	Sales Tax	1,18,851	2005-2006
Bombay Sales Tax Act	Sales Tax	2,17,051	2006-2007
Bombay Sales Tax Act	Sales Tax	2,98,881	2007-2008

- 10) The Company has no accumulated losses as at 31st March 2008. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.



- 11) **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.**
- 12) 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 terms & conditions does not arise.
- 13) 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.
- 14) The company has not made any preferential allotment of shares during the year to companies/ firms/parties covered in the register maintained under Section 301 of the Act.
- 15) In our opinion and according to the information & explanation given to us, the company has obtained term loan during the current year.
- 16) In our opinion and according to the information & explanation given to us, having regards to the nature of the company's business no fraud on or by the company was noticed or reported during the year.

For T. R. Jainawala & Asso.
Chartered Accountant

T. R. Jainawala
Proprietor
M. No. 037084

Pune, 25th July 2008



Balance Sheet as at 31st March 2008

	Schedule	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
SOURCES OF FUND			
Shareholders' Funds			
a) Share Capital	1	112,500,000.00	112,500,000.00
b) Reserves & surplus	2	31,128,669.02	11,844,218.83
		<u>143,628,669.02</u>	<u>124,344,218.83</u>
Loans Funds			
a) Secured Loans	3	168,918,512.16	59,129,354.57
b) Unsecured Loans	4	92,991,966.02	92,151,025.02
	Total	<u>405,539,147.20</u>	<u>275,624,598.42</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block	5	207,187,609.64	208,087,609.64
b) Less : Depreciation		77,251,063.81	73,529,955.68
c) Net Block		129,936,545.83	134,557,653.96
d) Capital Work-in-Progress		39,432,156.12	1,248,568.69
		<u>169,368,701.95</u>	<u>135,806,222.65</u>
INVESTMENTS	6	49,846,037.82	44,476,574.65
CURRENT ASSETS LOANS & ADVANCES			
a) Inventories		-	192,100.00
b) Stock of Securities		7,254,123.80	45,004,955.14
c) Sundry Debtors		2,068,349.30	2,068,349.30
d) Cash & Bank Balances		111,041,513.50	56,209,332.96
e) Loans & Advances		83,568,169.39	2,639,263.82
		<u>203,932,155.99</u>	<u>106,114,001.22</u>
Less : Current Liabilities & Provision	8		
a) Current Liabilities		4,430,014.56	294,910.10
b) Provisions		13,177,734.00	10,477,290.00
		<u>17,607,748.56</u>	<u>10,772,200.10</u>
NET CURRENT ASSETS		186,324,407.43	95,341,801.12
MISCELLANEOUS EXPENDITURE		-	-
	Total	<u>405,539,147.20</u>	<u>275,624,598.42</u>

Subject to our Report of even date Annexed

For T. R. Jainawala & Associates
Chartered AccountantsT. R. Jainawala
Proprietor
M. No. 37084Pune, 25th July 2008

For and on behalf of the Board

Ramesh R. Havele Managing Director
Mrs. Veena R. Havele Director
Shreeniwas G. Kale Director
Gajanan M. Deshpande Director
Mrs. Revati R. Golwalkar Director

Profit and Loss Account for the year ended 31st March 2008

	Schedule	Year Ended 31/03/2008 Rs.	Year Ended 31/03/2007 Rs.
INCOME:			
A) Sales & Services Rendered :			
Hall/Lawn Hire Charges		778,500.00	126,100.00
B) Other Income	A	44,117,392.71	28,129,975.09
	Total	44,895,892.71	28,256,075.09
EXPENDITURE			
A) Food & Beverage Consumed			
1) Opening Stock		192,100.00	192,100.00
2) Add : Purchases		-	-
3) Less : Opening Stock W/Off		192,100.00	-
4) Less : Clsoing Stock		-	192,100.00
		-	-
B) Operating , Administration & Selling Expenses	B	4,607,987.55	4,189,685.12
C) Salaries & Wages		115,000.00	138,000.00
D) Financial Expenses	C	2,603,609.34	1,059,605.42
	Total	7,326,596.89	5,387,290.54
Profit before Depreciation & Tax		37,569,295.82	22,868,784.55
Less : Depreciation		4,266,170.63	7,132,036.57
Profit before Tax		33,303,125.19	15,736,747.98
Provision for Tax			
1) Income Tax		4,643,075.00	1,111,000.00
2) Fringe Benefit Tax		16,000.00	6,690.00
Profit after Tax		28,644,050.19	14,619,057.98
APPROPRIATIONS			
1) Proposed Dividend on Preference Shares		8,000,000.00	8,000,000.00
2) Income Tax on Dividend		1,359,600.00	1,359,600.00
Balance Carried to Balance Sheet		19,284,450.19	5,259,457.98

Subject to our Report of even date Annexed

For T. R. Jalnawala & Associates
Chartered Accountants

T. R. Jalnawala
Proprietor
M. No. 37084

Pune, 25th July 2008

For and on behalf of the Board

Ramesh R. Havele Managing Director
Mrs. Veena R. Havele Director
Shreeniwass G. Kale Director
Gajanan M. Deshpande Director
Mrs. Revati R. Golwalkar Director



Cash Flow Statement for the year ended 31st March 2008

	Year Ended 31/03/2008 Rs.	Year Ended 31/03/2007 Rs.
A) CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax and Extra-ordinary items	33,303,125.19	15,736,747.98
Adjustments for:		
Depreciation	4,266,170.63	7,132,036.57
Interest Expenses	2,601,928.44	498,416.80
Interest Received	(5,406,424.21)	(356,580.04)
Dividend Received	(12,030.00)	(800.00)
Operating profit before Working Capital changes	<u>34,752,770.05</u>	<u>23,009,821.31</u>
Adjustments for:		
Decrease/(Increase) in Trade & Other Receivables	-	55,197.86
Decrease/(Increase) in Inventories	37,942,931.34	(10,304,202.30)
Loans & Advances	(80,928,905.57)	(1,855,175.82)
Increase/(Decrease) in Trade & Other Payables	<u>6,835,548.46</u>	<u>(6,285,159.41)</u>
Cash generated from operations	(1,397,655.72)	4,620,481.64
Taxes Paid	<u>(4,659,075.00)</u>	<u>(1,117,690.00)</u>
Cash flow before extra-ordinary items	(6,056,730.72)	3,502,791.64
Misc. Expenditure W/off	-	-
Net cashflow from operating activity	<u>(6,056,730.72)</u>	<u>3,502,791.64</u>
B) CASH FLOW FROM INVESTING ACTIVITY		
(Purchase)/Sale of Fixed Assets (Net)	(37,828,649.93)	(1,144,423.69)
(Purchase)/Sale of Investments (Net)	(5,369,463.17)	4,142,819.20
Interest Received	5,406,424.21	356,580.04
Dividend Received	12,030.00	800.00
Net cashflow from investing activity	<u>(37,779,658.89)</u>	<u>3,355,775.55</u>
C) CASH FLOW FROM FINANCING ACTIVITY		
Increase in Share Capital	-	-
Proceeds from/(Repayment of) Borrowing (Net)	110,630,098.59	59,129,354.57
Proposed Dividend on Preference Shares	(8,000,000.00)	(8,000,000.00)
Proposed Dividend Tax on reference Shares	(1,359,600.00)	(1,359,600.00)
Interest and Finance charges paid	<u>(2,601,928.44)</u>	<u>(498,416.80)</u>
Net cashflow from financing activity	<u>98,668,570.15</u>	<u>49,271,337.77</u>
D) NET INCREASE IN CASH AND CASH EQUIVALENT	<u>54,832,180.54</u>	<u>56,129,904.96</u>
Cash and Cash Equivalent as on 01-04-2007	56,209,332.96	79,428.00
Cash and Cash Equivalent as on 31-03-2008	<u>111,041,513.50</u>	<u>56,209,332.96</u>

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

T. R. Jalnawala
Proprietor
M. No. 37084

Pune, 25th July 2008

For and on behalf of the Board

Ramesh R. Havele Managing Director
Mrs. Veena R. Havele Director
Shreeniwass G. Kale Director
Gajanan M. Deshpande Director
Mrs. Revati R. Golwalkar Director



Schedules Forming Part of the Balance Sheet

	Year Ended 31/03/2008 Rs.	Year Ended 31/03/2007 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED CAPITAL:		
Authorised Share Capital:		
5,00,00,000 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
	<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
10,00,00,000 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:		
Profit & Loss Account (Previous Year)	9,344,218.83	4,084,760.85
Add: Profit for the current year	19,284,450.19	5,259,457.98
Balance in Profit & Loss Account	28,628,669.02	9,344,218.83
Special Capital Incentives	2,500,000.00	2,500,000.00
Total	<u>31,128,669.02</u>	<u>11,844,218.83</u>
SCHEDULE : 3 :		
SECURED LOANS:		
Saraswat Co-op. Bank Ltd. - Term Loan I (Secured by mortgage/hypothication of property)	50,596,282.30	5,00,00,000.00
Saraswat Co-op. Bank Ltd. - Term Loan II (Secured by mortgage/hypothication of property)	60,161,096.00	9,129,354.57
HDFC Bank Ltd. (Over Draft against FD)	705,665.61	-
Total	<u>168,918,512.16</u>	<u>59,129,354.57</u>
SCHEDULE : 4 :		
UNSECURED LOAN:		
Dhanada Portfolio Management Ltd., (Loan A/c)	90,046,837.00	90,046,837.00
Sales Tax Defferment	2,104,188.02	2,104,188.02
Income Tax Defferment	840,941.00	-
Total	<u>92,991,966.02</u>	<u>92,151,025.02</u>
SCHEDULE : 6 :		
INVESTMENTS:		
Shares In The Saraswat Co.Op. Bank Ltd. (2500 Shares of Rs. 10/- Each)	25,000.00	25,000.00
Shares In NEPC India Ltd. (1221507 Shares)	24,821,037.82	19,451,574.65
Shares In Malkan Engineering Pvt. Ltd. (2500000 Shares of Rs. 10/- Each)	25,000,000.00	25,000,000.00
(Market Vaule Rs. 4,26,75,776.15)		
Total	<u>49,846,037.82</u>	<u>44,476,574.65</u>



Schedules Forming Part of the Balance Sheet

SCHEDULE 5
FIXED ASSETS (At Cost)

(in Rs.)

Description of Assets	Rate	Gross Block		Depreciation				Net Block As At 31/03/2008
		As At 31/03/2007	Add / (Sale) during the Year	As At 31/03/2008	Total up to 31/03/2007	Deletion during the Year	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	19,245,932.82	-	1,936,706.97	97,633,738.65
Plant & Machinery	4.75%	49,266,340.26	(900,000.00)	48,366,340.26	23,909,903.92	545,062.50	2,329,463.66	22,672,035.18
Furniture & Fixtures	9.50%	30,374,118.94	-	30,374,118.94	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	(900,000.00)	207,187,609.64	73,529,955.68	545,062.50	4,266,170.63	129,936,545.83
Work In Progress (W.I.P.)	-	1,248,568.69	38,183,587.43	39,432,156.12	-	-	-	39,432,156.12
Total		209,336,178.33	37,283,587.43	246,619,765.76	73,529,955.68	545,062.50	4,266,170.63	169,368,701.95



Schedules Forming Part of the Balance Sheet

	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
SCHEDULE : 7 :		
CURRENT ASSETS & LOANS & ADVANCES:		
Inventories (As taken Valued & Certified by Director)	-	192,100.00
Stock of Secureites (As taken Valued & Certified by Director)	7,254,123.80	45,004,955.14
Receivables	2,068,349.30	2,068,349.30
CASH & BANK BALANCES:		
Cash in Hand	1,513.50	1,014.00
HDFC Bank Ltd. (Dividend A/c)	40,000.00	40,000.00
HDFC Bank Ltd.(Fixed Deposit A/c.)	1,000,000.00	1,000,000.00
Saraswat Co.Op. Bank (Fixed Deposit A/c.)	110,000,000.00	50,000,000.00
Sub Total	<u>111,041,513.50</u>	<u>56,209,332.96</u>
LOANS, ADVANCES & DEPOSITS:		
Loans & Advances	82,605,805.39	1,691,899.82
Deposits	962,364.00	947,364.00
Sub Total	<u>83,568,169.39</u>	<u>2,639,263.82</u>
Total	<u>203,932,155.99</u>	<u>106,114,001.22</u>
SCHEDULE : 8 :		
CURRENT LIABILITIES & PROVISIONS:		
<u>Current Liabilities</u>		
Sundry Creditors	4,172,479.56	117,850.10
Other Payables	257,535.00	177,060.00
Sub Total	<u>4,430,014.56</u>	<u>294,910.10</u>
<u>Provisions</u>		
Income Tax	3,802,134.00	1,111,000.00
Fringe Benefit Tax	16,000.00	6,690.00
Proposed Dividend on Preference Shares	8,000,000.00	8,000,000.00
Proposed Dividend Tax	1,359,600.00	1,359,600.00
Sub Total	<u>13,177,734.00</u>	<u>10,477,290.00</u>
Total	<u>17,607,748.56</u>	<u>10,772,200.10</u>



Schedules Forming Part of the Profit & Loss Account

	Year Ended 31/03/2008 Rs.	Year Ended 31/03/2007 Rs.
SCHEDULE A		
Securities Sales:	75,648,936.38	122,848,229.58
Less: Opening Stock of Securities	45,004,955.14	34,700,752.84
Less: Securities Purchases	-	105,379,836.83
Add: Closing Stock of Securities	<u>7,254,123.80</u>	<u>45,004,955.14</u>
Gain from Trading in Securities	37,898,105.04	27,772,595.05
Dividend	12,030.00	800.00
Interest Received from MSEB Deposit	2,310.00	-
Other Income	11,910.00	-
Insurance Refund	11,651.00	-
Excess Provision Written Back (Income Tax)	81,327.69	-
Income from Scrap Sales	693,634.77	-
Interest Received on Bank FDR	<u>5,406,424.21</u>	<u>356,580.04</u>
Total	<u>44,117,392.71</u>	<u>28,129,975.09</u>
SCHEDULE NO. : B :		
OPERATING, ADMINISTRATION & OTHER EXPENSES:		
Stamp Duty & Other Charges	96,032.00	203,376.50
Advertisement	283,918.00	39,896.00
Audit Fees	30,000.00	33,708.00
Inventory written off	192,100.48	354.41
Interest on FBT 2005-2006	-	627.00
Insurance	-	203,884.00
Director Sitting Fees	37,500.00	-
Books & Periodicals	1,428.00	-
Listing Fees (BSE & Other Stock Exchanges)	51,750.00	881,150.00
Electricity & Gas	784,500.00	1,101,233.84
Entertainment Expenses	57,923.00	34,417.50
Insurance of Labour	-	3,531.00
Legal & Professional Charges	405,506.00	382,599.00
Diesel for Genset	72,085.00	14,109.40
Municipal Tax	209,375.00	185,445.00
Office Expenses	30,649.95	5,806.00
Rent Paid	79,500.00	-
Portfolio Management Fees	-	549,359.73
Postage, Stamps & Courier	78,819.00	85,982.00
Provident Fund A/c	266,277.00	-
Professional Tax - Amnesty Scheme	12,600.00	-
Interest on PT Amnesty Scheme	1,625.00	-
Interest Penalty on TDS MVAT	340.00	-
Printing & Stationary	233,628.00	202,081.00
Registrar & Transfer Agent charges	106,040.46	64,410.80
Repairs & Maintenance	32,657.50	9,617.50
ROC Filling Fees	2,000.00	1,000.00
Securities Transaction Tax	739.00	19,350.15
Service Tax (PMS Fees)	12,358.41	67,242.00
Service Tax (Sale/Purchase of Share)	-	9,754.78
Security Guards Charges	682,071.35	-
Loss on Sales of Assets	154,937.50	-
Salary Expenses Reimbursement	92,914.00	-
Telephone Bills	78,664.00	-
Travelling & Lodging Expenses	514,948.90	82,380.51
FBT A. Y. 2006-2007	-	6,309.00
Membership & Subscription	<u>5,100.00</u>	<u>2,060.00</u>
Total	<u>4,607,987.55</u>	<u>4,189,685.12</u>
SCHEDULE NO. : C :		
FINANCIAL EXPENSES:		
Bank Commission	1,680.90	561,188.62
Interest on Loan	-	435,939.72
Interest on Bank Over Draft	2,601,928.44	62,477.08
Total	<u>2,603,609.34</u>	<u>1,059,605.42</u>



Schedule 9

Notes Forming Part of Accounts

- 1) Previous year's figures are regrouped reworked and rearranged wherever necessary.
- 2) Quantitative information in respect of goods produced or manufactured pursuant to the provision of paragraph 2 & 4c of the part of II of the Schedule VI to the Companies Act, 1956 has not been given as Hotel activity has not yet commenced.

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 on C.I.F. basis NIL
Raw material & components
(Including Software)
Stores & Spares, Capital goods
- 6) Expenditure in foreign currency NIL
Technical know-how fees
Overseas business expenses etc.
- 7) Earning in Foreign Exchange NIL
Income from service
- 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. In case of Furniture & Fixtures, the entire residual value amounting to Rs. 30,374,118.94 which was written off in earlier years.**
- 11) The provision of Income Tax has been made under section 115JB – Minimum Alternate Tax (MAT).



- 12) The company has earned income from investment of temporary surplus funds however the main hotel activity is yet to be recommenced except Hall rent.
- 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) As per explanations given by the management, there are no dues to accounts relating small and micro enterprises.
- 16) The Company has taken concrete steps to commence the Hotel Activity. Accordingly, an agreement has been entered into with M/s. Kamat Hotels (India) Limited under which the day to day operations of the Hotel will be managed by them.
- 17) As per Accounting Standard 16 for 'Borrowing Cost' the company has capitalized interest amounting to Rs. 77,33,284.30 as it is directly attributable to refurbishment of the qualifying assets.
- 18) 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. situated at C.T.S. No. 18349/1/1+2+3 at Aurangabad have been mortgaged to the bank
- 19) The Company has invested surplus funds in the financial securities and has conducted trading activity of shares.
- 20) Accounting Standard 18 for Related Party Disclosures following are transaction during the year with related parties:

Name of the Parties	Opeing Balance	Addition during the year	*Payment during the year	Balance Outstading 31/03/2008
Following Associate Companies, Key Managerial personal & Sundry Creditors:				
Dhanada Portfolio Management Ltd.	90,046,837/-	Nil	Nil	90,046,837/-

- 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	2007-2008	2006-2007
Net Profit as per Profit & Loss	28,644,050.09	1,46,19,057.98
Less: Proposed Dividend on Preference Shares	80,00,000.00	80,00,000.00
Less: Provision For Taxation for dividend on Preference Shares	13,59,600.00	13,59,600.00
Net Profit available for equity shareholders	19,284,450.19	52,59,457.98
Number of Equity Shares outstanding at the end of the year	1,25,00,000	1,25,00,000
Basic Earning Per Share (in Rs.)	1.54	0.42

22) Accounting Standard 28, Impairment of Fixed Assets:

The Fixed assets specifically Land, Building and Plant & Machinery of the company have been valued from an approved valuer at reasonable interval, in order to comply with the requirements of AS-28.

23) The company has invested as Share application money Rs. 62,500,000/- which is shown under the head Loans & Advances & pending of share allotment.

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. Refurnishing of various assets is in progress and shown under the head Fixed Assets.



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 subject to note 10.

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) SECURED LOANS

Secured Loans are secured by a Hypothecation and Mortgage of entire property of the Company situated at C.T.S. No. 18349/1/1+2+3 at Aurangabad.

8) INVENTORIES

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

9) 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 & Associates
Chartered Accountants

T. R. Jalnawala
Proprietor
M. No. 37084

Pune, 25th July 2008

For and on behalf of the Board

Ramesh R. Havele	Managing Director
Mrs. Veena R. Havele	Director
Shreeniwas G. Kale	Director
Gajanan M. Deshpande	Director
Mrs. Revati R. Golwalkar	Director



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	:	31 st March 2008			

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	:	405,539.15	Total Assets	:	405,539.15
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Sources Of Funds:

Paid-up Capital	:	112,500.00	Reserves and Surplus	:	31,128.67
Secured Loan	:	168,918.51	Unsecured Loan	:	92,991.97

Application of Funds:

Net Fixed Assets	:	169,368.70	Investments	:	49,846.04
Net Current Assets	:	186,324.41	Misc. Expenditure	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of Company (Amount in Thousands)

Turnover	:	44,895.89	Total Expenditure	:	11,592.77
Profit/(Loss) Before Tax	:	33,303.13	Profit/(Loss) After Tax	:	28,644.05
Earnings Per Share (in Rs.)	:	1.54	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

