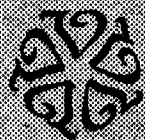


VEDANT HOTELS LIMITED

16th ANNUAL REPORT



2001 - 2002



The Vedant

VEDANT HOTELS LIMITED

BOARD OF DIRECTORS

- | | | |
|----|------------------------------|------------|
| 1. | SHRI SUDHIR T. DESHPANDE | - DIRECTOR |
| 2. | SHRI BALRAM R. YERME | - DIRECTOR |
| 3. | DR. KISHOR G. PARGAONKAR | - DIRECTOR |
| 4. | SOU. MEDHA S. DESHPANDE | - DIRECTOR |
| 5. | SHRI DEVJIBHAI P. PATEL | - DIRECTOR |
| 6. | SHRI BHARAT T. DESHPANDE | - DIRECTOR |
| 7. | SHRI KAMALKAR T. HATTEKAR | - DIRECTOR |
| 8. | SHRI GIRISH G. KANDALGAONKAR | - DIRECTOR |

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Registered Office
3, chetna, Station Road,
AURANGABAD - 431 005.

Auditors
T.R. JALNAWALA & ASSOCIATES
CHARTERED ACCOUNTANTS,
Supari Hanuman Road,
Aurangabad - 431 001.

Registrar
R. & D. Consultants Ltd.,
610, Dalamal Towers, 211,
Nariman Point
Mumbai - 400 021.

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VEDANT HOTELS LIMITED NOTICE

The 16th ANNUAL GENERAL MEETING of VEDANT HOTELS LIMITED, will be held on 30th day of September 2002 at 11.00 a.m. at Conference Hall of Veant Hotel, Station Road, Aurangabad - 431 005 to transact following business:

ORDINARY BUSINESS:

1. To receive consider, and adopt the Annual Accounts and Audited Balance Sheet as on 31st March 2002 together with report of Directors & Auditors.
2. To Appoint a Director in place of Shri Bharat T. Deshpande who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint a Director in place of Shri. Sudhir T. Deshpande who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
5. Any other subject with the permission of the chair.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and the proxy need not be a member of the company.
2. In case the member wishes to seek any information about accounts and operation of the company, they are requested to send their queries in writing at least ten days in advance before the date of the meeting so that the information can be made available at the time of meeting.
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office.
4. The Registers of the Members and Shareholders book of the Company will remain closed from 26th September 2002 to 30th September 2002 both days inclusive.

Registered Office
3, "Chetna",
Station Road, Aurangabad
Date: 2nd September 2002

By order of the Board

Sudhir Deshpande
Director

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DIRECTORS' REPORT

To,
THE MEMBERS,
VEDANT HOTELS LTD.

1. The Directors hereby present the 16th ANNUAL REPORT of the Company together with the Audited Statments of Account for the yuear ended 31st March 2002.

2. FINANCIAL RESULTS	31.03.02 (In Rs.)	31.03.01 (In Rs.)
Net Profit / Loss after Depreciation	(-)125,83,806.62	(-)135,26,662.61
Add.: Depreciation	71,00,133.85	70,86,227.48
	-----	-----
Profit / Loss before Deprer ation	(-)54 83 672.77	(-)64,40,435.13

3. OPERATIONS:

The project of the Company of a Five Star Category hotel at Aurangabad a city famous for historical heritage. The world famous Ajanta and Ellora Caves are in the vicinity of Aurangabad. Aurangabad is well-known Industrial Township and Educational Center.

The execution of the entire project is already completed and a beautiful well decorated and furnished hotel project is at the service of the guests.

The growth of Tourism and Hotel industry was almost at stand still throughout the country in the period due to various reasons like over all recessionary trend in economy.

Since inception of the Hotel the company has tied up and entrusted the management and marketing of the hotel to Quality Inn. Under on exclusive agreement. The chain could not provide any support in the field of Marketing and Management. Now the contract is over and the company is exploring all possibilities for the betterment of the business and financial gains.

The Company has approached the Bankers for assistance to improve the working and upliftment of property and implementing marketing plans. The proposal is under consideration. Meanwhile TFCI has taken a stand to recall the loan and has filed suit in DRT Delhi in September, 2000. The Company has also filed a counter claim of over Rs. 800 lakh with future interest with DRT. However negotiations to settle the matter are also in progress.

All the problems adversely affected the working of the company severely. However the Directors are hopeful to sort out the issues and improve the working of the Company. The Company has decided voluntarily to delist its shares from Delhi, Calcutta and Madras Stock Exchange for economy reasons. Process as per rules is in progress in the above matter.

4. CORPORATE GOVERNANCE

With increasing number of corporation going global the emphasis on good corporate governance has increased tremendously. Your company has taken enffective steps with formation of audit committee consisting of Shri Girish Kandalgaonkar, Shri Bharat T. Deshpande, Shri Balaram Yerme. Audit committee met once and have suggested various measures.

5. DIRECTOR RESPONSIBILITY STATMENT

On the basis of compliance certificates received from the executives of the company, subject to disclosures in the Annual accounts, & also on the basis of the discussions with the statutory Auditors of the Company from time to time we state as under:

- I. That in preparation of Annual Accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departure.

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- II. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company of the end of the financial year and of the profit or loss of the Company for that period.
- III. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for prevention and detection of fraud and other irregularities.
- IV. That the Directors had prepared the annual accounts on a going concern basis.

6. FINANCE

The Company has not availed any additional finance from institutions or from the Bank in the year 2001-2002 other than earlier loans.

7. AUDITORS

- A) The Auditors in their report have made certain comments which are self explanatory and therefore, in the opinion of the directors do not call for any further explanation except "C & D" below.
- B) The retiring Auditors M/s T.R. Jalanwala & Associates, Chartered Accountants, Aurangabad are eligible for re-appointment and members are requested to appoint the Auditors and fix their remuneration.
- C) The amount shown on account of P.F. payable and referred by the Auditors in their reports is unreconciled. The consultant for P.F. working has certified that the actual sum payable on this account is Rs. 15,962.00 only. The P.F. books and relevant records have been verified by the competent authority. Thus the excess provision needs to be written back and arrangements for payment of the correct dues are being made subsequently.
- D) The provision for property tax, professional tax. Labour welfare fund payable are unreconciled balances on the basis of notices served and are accounted for as a matter of abundant cover. However the Company has represented the matter and is hopeful of getting the amount nullified or reduced substantially.

8. OTHER INFORMATION

As required by section 217(2a) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975, a statement of information relating to the employees has been given in the Annexure to the report, As permitted by law, this Annexure is not being sent with the abridged Balance sheet.

9. APPRECIATION

The Company is very grateful for the faith and belief shown by the share Holders in the company and the Directors express their sincere thanks to all share Holders for their co-operation and also to the TFCI, IFCI, ICICI, IDBI and JSBL Pune, DNSB Aurangabad, JSBL Jalgaon for the co-operation extended by them to the company.

The Directors record their grateful appreciation towards the co-operation extended by all the concerned during the year who helped the Company in business.

ON BEHALF OF THE BOARD OF DIRECTORS.

Place: Aurangabad
Date: 2nd Sept. 2002.

Sudhir Deshpande
DIRECTOR

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