

VEDANT HOTELS LIMITED

19th ANNUAL REPORT



2004-2005



The Vedant

VEDANT HOTELS LIMITED

BOARD OF DIRECTORS

- | | | |
|----|------------------------------|------------|
| 1) | SHRI SUDHIR T. DESHPANDE | - DIRECTOR |
| 2) | SHRI BALARAM 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 KAMALAKAR 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 ACCOUNTS,
Supari Hanuman Road,
Aurangabad - 431 001.

Registrar

INTIME SPECTRUM
REGISTRY LIMITED
102, Shree Vidyanand, Dr. Ketkar Path
Erandwane, Near Karnataka High School,
Pune - 411004.

VEDANT HOTELS LIMITED**NOTICE**

The 19th ANNUAL GENERAL MEETING of VEDANT HOTELS LIMITED, will be held on 30th day of September 2005 at 11.00 a.m. at Conference Hall of hotel 'The Vedant', 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 2005 together with report of Directors & Auditors thereon.
2. To appoint a Director in place of Shri Girish Kandalgaonkar who retires by rotation and being eligible offers him self for reappointment.
3. To appoint a Director in place of Sou. Medha S. Deshpande who retires by rotation and being eligible offers her self for reappointment.
4. To appoint Auditors and to fix their remuneration.

By ordere of the Board of Directors

PLACE : AURANGABAD.

SUDHIR T. DESHPANDE

DATE : 01/09/2005 Director

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 forty-eight hours before commencement of the meeting.
2. Members are requested to notify immidiately any change in their address to the company's Registered Office.
3. The Register of the members and sharholders book of the company will remain closed from 26th September 2005 to 30th September 2005 both days inclusive.

VEDANT HOTELS LIMITED**DIRECTORS' REPORT**

To,
The Members
Vedant Hotels Limited

The Board of Directors of your company have pleasure in presenting the Nineteenth Annual Report of the Company together with the Audited statements of accounts for the year ended on 31st March, 2005.

1. FINANCIAL RESULTS

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

(Rs In Lakhs)

	2004-05	2003-04
Gross Income	374.17	0.15
Profit/ (Loss) for the year	97.07	(110.57)
Net Profit /(Loss) carried to Balance Sheet	97.06	(110.57)

2. OPERATIONS

The operations of the hotel project remained suspended during the year under review also due to various difficulties faced by the company in the past. The Company has repaid most of the Institutional / Bank Loans and dues in full under One Time Settlement (OTS) Scheme out of the unsecured loans raised during the year. Part of these funds, were parked with Portfolio Manager till the settlement of institutional / Bank dues. Income from this activity is included in Gross Income.

The Company is executing a Scheme of Arrangement under section 391-394 of the Companies Act, 1956, subject to the Hon. High Court, for financial restructuring and change of management of the Company which comprises of following measures:

- a. Reduction in the paid up capital of the Company by reduction of face value of each Equity Share from Rs.10/- per share to Rs. 1/- per share
- b. Writing off accumulated losses and expenditure to the tune of Rs. 7.48 crores.
- c. Transfer of the shareholding of the existing promoters of the Company to Dhanada Portfolio Management Limited ("Dhanada"),
- d. Conversion of unsecured loan given by Dhanada into
 - i) 41,88,700 Equity shares of Re. 1 each, and
 - ii) 10,00,00,000 8% Cumulative Convertible Preference shares of Re.1 each.
- e. Reconstitution of the Board of Directors.

The Scheme was approved unanimously by the shareholders and creditors of the Company and is now under consideration of the Hon. High Court, Mumbai for approval.

The management feels that the takeover of the Company by Dhanada would place the Company in safe hands, the Company would prosper and shareholders' wealth would be maximised in future. Dhanada has shown its earnest commitment to the revival of the Company by giving unsecured loan of Rs. 12.25 crores to the Company. Dhanada is also committed to infuse further funds as and when required to make the hotel project operational.

Once the Scheme is approved by the High Court and implemented, the new management proposes to focus its attention on refurbishing and restarting hotel '*The Vedant*' within about 6 months.

3 FINANCE :

With the financial assistance received from Dhanada Portfolio Management Ltd, the management was able to conclude One Time Settlement with all its Term Lenders. As on date, the Company has fully repaid all its outstanding Term Loans, except that of Jalgaon Janata Sahakari Bank Ltd. The said Bank has consented for re-payment of its loan in installments.

4. TRADING OF COMPANY'S SHARE ON STOCK EXCHANGES:

The trading in the Company's shares has been suspended by the Stock Exchanges due to non-payment of listing fees.

Since the Company has now paid up-to-date listing fees to the Bombay Stock Exchange and complied with other requirements the Board of Directors hopes that the suspension of trading of the Company's shares will soon be revoked by the Bombay Stock Exchange. The Company is in the process of voluntary delisting of its shares from all other Stock Exchanges.

4. DIVIDEND

In view of the accrued losses, the Board does not recommend any dividend for the year.

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 it uses any imported technology.

6 FOREIGN EXCHANGE EARNINGS & OUTGO

Foreign Exchange Earnings : Nil

Foreign Exchange Out go : Nil

7 AUDITORS

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

8 DIRECTORS

Shri. Girish Kandalgaonkar and Sou. Medha S. Deshpande Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment

9 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 thereunder.

10. EMPLOYEES

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

11. AUDIT REPORT :

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.

12. CORPORATE GOVERNANCE:

A separate report on Corporate Governance is included as part of the Annual Report.

13. DIRECTORS' RESPONSIBILITY STATEMENTS:

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, if any.
- 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 profit and loss of the Company for that period:
- iii) that the Directors 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.

14 ACKNOWLEDGMENT

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

**For and on behalf of the
BOARD OF DIRECTORS**

**Place : Aurangabad
Date : 1 st September 2005**

**S.T. Deshpande
Chairman & Managing Director**

AUDITOR'S REPORT**Auditors Report to the Shareholders of VEDANT HOTELS LTD.**

We have audited the attached Balance Sheet of VEDANT HOTELS LTD. as at 31ST March 2005 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 & **subject to Notes on Accounts No 10 to 21**, we report that;
 - i) 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;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - iv) 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;
 - v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31ST March 2005 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, 2005; 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.

PLACE: AURANGABAD.
DATE: 30/06/2005

FOR T. R. JALNAWALA & ASSO.
CHARTERED ACCOUNTANTS

T.R. JALNAWALA
(Proprietor)

VEDANT HOTELS LIMITED.AURANGABAD**Annexure to the Auditors 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), (xviii) (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 the 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,

- a) The company has taken unsecured loan from companies, firms or the 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 goods.

5.

- a) According to the information and explanations given to us, we are of the opinion that the 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 & 58 AA 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) 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.
 - b) **There is no undisputed amounts outstanding as at 31st March 2005 for a period of more than six months from the date they became payable except Property Tax of Rs. 6,42,920/- in respect of which the company's request has been subsequently considered favourably by the Municipal Corporation.**
10. According to the information & explanation given to us, the Company has accumulated losses and has not incurred any cash losses during the current financial year. The company has incurred cash losses during the immediately preceding financial year;
11. According to the information & explanation given by the management, we are of the opinion that the Company is in the process of settling all the dues of loans of Financial Institutions and Banks under O.T.S. Scheme of Reserve Bank of India and almost all cases are settled 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 terms & conditions does not arise.
14. **In our opinion and according to the information & explanation given to us, the company has not obtained any term loan except unsecured loan during the current year.**
15. 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.
16. In our opinion and according to the information & explanation given to us, having regard to the nature of the company business no fraud on or by the company was noticed or reported during the year.

PLACE: AURANGABAD.
DATE: 30/06/2005

FOR T. R. JALNAWALA & ASSO.
CHARTERED ACCOUNTANTS

T.R. JALNAWALA
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