



INFORMATION MEMORANDUM

Vedant Hotels Limited

The Company was incorporated as a Private Limited Company on 14th July 1986 under the Companies Act, 1956 and converted into Public Limited Company with effect from 12th February 1990.

Registered Office : 3, Chetana, Station Road,
Aurangabad – 431 005.
Telefax: 0240-2350523

Corporate Office : 'Dhanada' 16/6, Erandawana Housing Society,
Plot No. 8, Patwardhan Baug,
Pune – 411 004.
Telefax: 020-25462408, 25460661

Email: vedant@vedanthotels.com

Website: www.vedanthotels.com

INFORMATION MEMORANDUM FOR REVOCATION OF SUSPENSION OF TRADING AND LISTING OF EQUITY SHARES OF RE.1/- EACH ALLOTTED AS PER THE SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS EQUITY SHAREHOLDERS UNDER SECTION 391 AND 394 READ WITH SECTION 101 AND 102 OF THE COMPANIES ACT 1956.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Vedant Hotels Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Vedant Hotels Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

ABSOLUTE RESPONSIBILITY OF VEDANT HOTELS LIMITED

Vedant Hotels Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Vedant Hotels Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

83,11,300 Equity Shares of Rs. 10/- each of Vedant Hotels Limited are listed on the Stock Exchanges at Mumbai (BSE), Pune, Ahemadabad, Delhi, Chennai and Kolkata. The trading of these shares is presently suspended for non-payment of listing fees. The Company has now paid the listing fees up to date to BSE and has complied with their other requirements. The Company has made an application to BSE for revocation of suspension of trading.

Subsequently, the face value of the shares and paid up value of these shares is reduced to Re. 1/- per share by cancellation of Rs. 9/- by way of reduction of capital pursuant to the Scheme of Arrangement between the Company and its Equity Shareholders under section 391 and 394 read with section 101 and 102 of Companies Act 1956. (Hereinafter referred to as the "Scheme of Arrangement") sanctioned by the Hon'ble High Court, Mumbai on 16th September 2005. The Company has made an application to BSE to bring on record the change in the nominal value and paid up value of the aforesaid existing listed shares.

The Company has further allotted 41,88,700 equity share of Re. 1/- each pursuant to the Scheme of Arrangement. The Company has made an application to BSE for listing of these freshly allotted shares.

This Information Memorandum is filed in compliance of the BSE requirements for Revocation of Suspension of Trading and Listing of shares as aforesaid.

This Information Memorandum is also available for investors on the website of the Company at www.vedanthotels.com.

The Company is in the process of delisting its shares from all other Stock Exchanges.

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400078.
Tel: 022-25963838,

TABLE OF CONTENTS

SECTION I – GENERAL

<i>Definitions, Abbreviations & Industry Related Terms</i>	<i>4</i>
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SECTION II – RISK FACTORS

<i>Risk Factors.....</i>	<i>5</i>
<i>Management Perception of Risk Factors.....</i>	<i>5</i>

SECTION III – INTRODUCTION

<i>General Information.....</i>	<i>6</i>
<i>Capital Structure.....</i>	<i>9</i>
<i>Object of the Scheme of Arrangement</i>	<i>12</i>

SECTION IV – ABOUT VEDANT HOTELS LIMITED

<i>Business</i>	<i>13</i>
<i>History.....</i>	<i>13</i>
<i>Management.....</i>	<i>14</i>
<i>Human Resources.....</i>	<i>17</i>
<i>Promoter.....</i>	<i>17</i>
<i>Group Companies.....</i>	<i>17</i>
<i>Dividend Policy.....</i>	<i>17</i>

SECTION V – FINANCIAL INFORMATION

<i>Financial Information of the Company.....</i>	<i>18</i>
<i>Management Discussion & Analysis.....</i>	<i>21</i>

SECTION VI – LEGAL INFORMATION

<i>Outstanding Litigation and Material Developments</i>	<i>24</i>
<i>Government Approvals.....</i>	<i>24</i>

SECTION VII – REGULATORY AND STATUTORY DISCLOSURES

<i>Disclosures.....</i>	<i>25</i>
<i>Main Provisions of the Articles of Association</i>	<i>25</i>

SECTION VIII – OTHER INFORMATION

<i>Material Contracts and Documents for Inspection</i>	<i>34</i>
<i>Declaration.....</i>	<i>34</i>

SECTION I - GENERAL

DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS

"The Company" or "the Company" or "our Company"	Vedant Hotels Limited, a public limited company incorporated under the Companies Act, 1956.
"We" or "us" and "our"	Refers to Vedant Hotels Limited
Article / Articles of Association	Articles of Association of Vedant Hotels Limited
Auditors	The statutory auditors of Vedant Hotels Limited
Board of Directors / Board /Directors	The Board of Directors of Vedant Hotels Limited or committee constituted thereof.
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Re. 1/- each unless otherwise specified in the context thereof
Financial Year	The twelve months ending on 31st March, unless otherwise stated
Information Memorandum	This document filed with the Stock Exchanges is known as and referred to as the Information Memorandum
I.T. Act	The Income – Tax Act, 1961, as amended from time to time.
NSDL	National Securities Depository Limited
Registered Office of the Company	3, Chetana, Station Road, Aurangabad – 431 005
ROC	Registrar of Companies
Scheme	Scheme of Arrangement between Vedant Hotels Limited and its equity Shareholders under section 391 and 394 read with section 101 and 102 of the Companies Act 1956 and approved by Hon'ble High Court, Mumbai by its order dated 16 th September 2005.
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by Securities and Exchange Board of India effective from January 27, 2000, as amended, including instructions and clarifications issued by Securities and Exchange Board of India from time to time.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
GOI	Government of India
Indian GAAP	Generally accepted accounting principles in India.
"Rupees" or "Rs."	Indian Rupees, the legal currency of the Republic of India.

SECTION II – RISK FACTORS

RISKS FACTORS

1. The Company is engaged in hospitality industry, which is sensitive to socio-political conditions, locational constraints, natural calamities and health related apprehensions.
2. Government policies pertaining to the Hotel and Tourism industries shall have a bearing on the operations of the Company.
3. The market for hospitality is subject to cyclical fluctuations owing to changes in domestic and international demand and economic environment.
4. The promoter does not have any experience in the Hotel Industry.
5. Non availability of timely finance required for refurbishment of the Hotel may delay the re-starting of the Hotel.
6. The Company proposes to deploy its available surplus funds in Treasury Operations. Such operations are subject to the usual risks associated with Securities/Financial Markets.

MANAGEMENT PERCEPTION OF RISK FACTORS

Risk Factor No. 1: Political unrest, riots, terrorist attacks, spread of epidemics, natural calamities have direct and indirect effect on the business of the Company. Management has no control over these factors, however, in such eventuality, the management will strive to control the damage by taking appropriate action.

Risk Factor No. 2: The Government policies at present are for encouragement of hospitality industry and the management hopes that they will remain so in foreseeable future.

Risk Factor No. 3: The management will try to sustain through such periods by offering different product mix, competitive pricing policy and cost reduction measures.

Risk Factor No. 4: The management will entrust the operations of the Hotel to a reputed hotel management chain.

Risk Factor No. 5: Resumption of trading of Equity shares of the Company on BSE will improve the investor confidence in the Company which will help the Company to raise necessary additional finance from capital market or from Financial Institutions.

Risk Factor No. 6: The management will entrust Treasury operations to Dhanada Portfolio Management Ltd., a professional Portfolio Manager having experience in the field of over 14 years. It is expected that they will take into consideration all risk factors associated with Securities/Financial Markets.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Particulars of Scheme of Arrangement between the Company and its Equity Shareholders pursuant to section 391 and 394 read with section 101 and 102 of Companies Act 1956. ("Scheme of Arrangement")

The Honorable High Court, Mumbai, vide its Order dated 16th September 2005 approved a Scheme of Arrangement between the Company and its Equity Shareholders pursuant to section 391 and 394 read with section 101 and 102 of Companies Act 1956. The Scheme became effective on 25th October 2005 i. e the date of filing the Order of the Hon'ble High Court, Mumbai with the Registrar of Companies, Mumbai, Maharashtra.

In accordance with the said Scheme

- A) The face value of existing 83,11,300 equity shares of Rs. 10/- each was reduced to Re. 1/- each by canceling Rs. 9/- of the paid value of each share thereby reducing the subscribed and paid up capital of Rs. 8,31,13,000/- to Rs. 83,11,300/-.
- B) The reduction of equity share capital was effected by writing off the following losses and expenditures as appearing in the Balance Sheet as at 31st March 2004 under the heading "Miscellaneous Expenditures":

Sr. No.	Particulars	Rs	Rs.
1	Preliminary Expenditure (in full)		11,145.03
2.	Deferred Revenue Expenditures (in full)		8,74,001.58
3.	Losses of the earlier years a) Depreciation Loss b) Business Loss	3,62,19,111.16 3,76,97,442.23	7,39,16,553.39
	Total		7,48,01,700.00

- C) Dhanada Portfolio Management Ltd. acquired 37,11,100 equity shares of Re. 1/- each (Post Scheme Face Value of the share) fully paid up from some of the shareholders of the Company.
- D) An amount of Rs. 12,25,00,000/- due and payable by the Company to Dhanada Portfolio Management Ltd. as on 31st March 2005 was converted into share capital as under:
- (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.
 - (iii) The Balance amount of Rs. 1,83,11,300/- continued as a loan carrying interest @ 12% p.a. repayable on or before 31st March 2006.

E) Reconstitution of the Board of Directors:

On and from 25th October 2005, the then Directors ceased to hold office as Directors of the Company and the following persons constituted the new Board:

1) Ramesh Ramchandra Havele	Chairman and Managing Director
2) Sudhir Tukaram Deshpande	Executive Director
3) Mrs. Veena Ramesh Havele	Director
4) Shreeniwas Gajanan Kale	Director
5) Mrs. Rewati Ravindra Golwalkar	Director
6) Gajanan Mahadeo Deshpande	Director

Determination of Conversion Price of Preference Shares

According to the Scheme of Arrangement as approved by the shareholders of the Company and the Hon'ble High Court, Mumbai, the aforesaid 10,00,00,000 convertible preference shares are proposed to be converted into 10,00,00,000 equity shares of Re. 1/- each at par in four equal installments at the end of 7th, 8th, 9th and 10th year from the date of allotment.

However, the Bombay Stock Exchange Limited (BSE) authorities have insisted that the Company should determine the conversion price of the Preference shares in accordance with Guideline 13.1.1.1 under Chapter XIII of SEBI (DIP) Guidelines, 2000 issued by Securities and Exchange Board of India (SEBI).

In the larger interest of the stakeholders of Vedant Hotels Limited, the management of the Company has agreed to abide by the said Guidelines. As such, the conversion price of the preference shares will be determined in accordance with Guidelines issued by Securities and Exchange Board of India as applicable on the relevant date of conversion.

The management has given an Undertaking to this effect to the BSE.

Prohibition by SEBI

The Company, its Directors, its Promoters, other companies promoted by the Promoters and companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Company hereafter and any one placing reliance on any other source of information would be doing so at his or her own risk. The Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

The Company would like to caution the investors that the prices of our equity shares may fluctuate after listing due to a wide variety of factors, including volatility in the Indian

and global securities markets; our operational performance, financial results and capacity expansion; developments in India's economic environment, Government policies, particularly in respect of hospitality sector; and changes in India's laws and regulations impacting our business. There is no assurance that an active trading market for our equity shares will develop or be sustained after listing.

Disclaimer Clause of the BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE shall on compliance of the listing conditions, grant listing approval for the Equity Shares.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to purchase for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such purchase/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A Copy of this Information Memorandum has been filed with BSE in due compliance with the BSE requirements.

Dematerialisation of Shares

The shares of the Company are held in physical form. The Company will execute the necessary Agreements with NSDL and CDSL for admitting its securities in Demat Form, after receiving the necessary 'Certificate of Listed Capital' from BSE.

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai – 400078.
Tel: 022-25963838,

Auditors

T. R. Jalnawala & Associates.
2, J. J. Complex,
Supari Hanuman Road,
Aurangabad – 431 001.

Bankers to the Company

HDFC Bank Ltd.

Compliance Officer

Mr. Ramesh R. Havele
'Dhanada' 16/6, Erandawana Housing Society,
Plot No. 8, Patwardhan Baug,
Pune – 411 004
Telefax: 020-25462408

CAPITAL STRUCTURE**Pre-Scheme****A. Authorised Capital:**

Rs. 9,00,00,000/- divided into 90,00,000 equity shares of Rs. 10/- each

B. Issued, Subscribed and Paid-Up Capital:

Rs. 8,31,13,000/- divided into 83,11,300 equity shares of Rs. 10/- each.

Post-Scheme**A) Authorised Capital:**

Rs. 15,00,00,000/- divided into 5,00,00,000 equity shares of Re. 1/- each and 10,00,00,000 8% Cumulative Convertible Preference shares of Re. 1/- each.

B) Issued, Subscribed and Paid-Up Capital:

Rs. 11,25,00,000/- divided into 1,25,00,000 equity shares of Re. 1/- each and 10,00,00,000 8% Cumulative Convertible Preference shares of Re. 1/- each.

Notes to the Capital Structure:

The Company made its Initial Public Offer of Rs. 4 Crores in the year 1995.

The paid up Capital of Rs. 8,31,13,000 (pre-Scheme) was reduced to Rs. 83,11,300 and further equity shares of Rs. 41,88,700 and Cumulative Convertible Preference Shares of Rs. 10,00,00,000 were allotted pursuant to the Scheme of Arrangement approved by the Hon'ble High Court, Mumbai.

SHAREHOLDING PATTERN – Pre & Post Scheme

Category		Pre- Scheme		Post-Scheme	
		No. of Shares Held	%	No. of Shares Held	%
A	Promoter's Holding				
1	Promoters				
	Indian Promoters	3855000	46.38	7959800	63.68
	Foreign Promoters				
2	Persons Acting in Concert				
	Sub Total:	3855000	46.38	7959800	63.68
B	Non-promoter's Holding				
3	Institutional Investors				
a	Mutual Funds and UTI	127500	1.53	127500	1.02
b	Banks, Financial Institutions, Insurance Companies	400000	4.81	400000	3.20
	(Central/ State Govt. Institutions/ Non- govt. Institutions)				
c	FIIIs				
	Sub Total:	527500	6.35	527500	4.22
4	Others				
a	Other Corporate Bodies	206100	2.48	206100	1.65
b	Indian Public	3201400	38.52	3285300	26.28
c	NRIs/OCBs	521100	6.27	521100	4.17
d	Any Other (Trust)	200	0.00	200	0.00
	Sub Total:	3928800	47.27	4012700	32.10
	GRAND TOTAL	8311300	100.00	12500000	100.00

Details of top 10 shareholders – Pre-Scheme

SR. NO.	FOLIO NO.	SHARE HOLDER'S NAME	NO. OF CAPITAL SHARES	% OF SHARE
1	D01414	Deshpande Sudhir Tukaram	1615600	19.48
2	S00002	Sudhir T Deshpande	662900	7.98
3	D01415	Deshpande Sudhir Tukaram	304700	3.67
4	K01333	Kamalakar Hattekar	301800	3.63
5	B00703	Bharti Jaydip Patel	300000	3.61
6	T00001	Tourism Finance Corporation of India Ltd.	200000	2.41
7	D00118	Deshpande Bharat Tukaram	169000	2.03
8	S00901	Stock Holding Corporation of India Ltd. A/C Shriram Mutual Fund -Tax Guardian 95	127500	1.53
9	D01416	Deshpande Sudhir Tukaram	115500	1.39
10	I00002	Industrial Development Bank Of India	100000	1.20
10	I00003	Industrial Finance Corporation Of India	100000	1.20
10	I01042	ICICI Trusteeship Services Limited (ICICI Equity Fund)	100000	1.20
Total			4097000	49.33