

Annual Report 2007

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Vedant

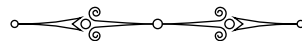
Our Mission

Create financial wealth for our shareholders.

Act with integrity, competence and dignity.

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

Use reasonable care and exercise
independent professional judgement.



Board of Directors Ramesh Havele
Chairman & Managing Director

Sudhir Deshpande
Executive Director

Veena Havele
Rewati Golwalkar
Shreeniwas Kale
Gajanan Deshpande

Auditors T. R. Jalnawala & Associates
Chartered Accountants

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

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

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

Email vedant@vedanthotels.com
Website www.vedanthotels.com

Registrar & Transfer Agent Intime Spectrum Registry Ltd.

Pune Office:

Block No. 202, 2nd Floor,
Akshay Complex, Near Ganesh Temple, Off.
Dhole Patil Road, Pune – 411 001.
Tel. : +91-20-26053503

Mumbai Office:

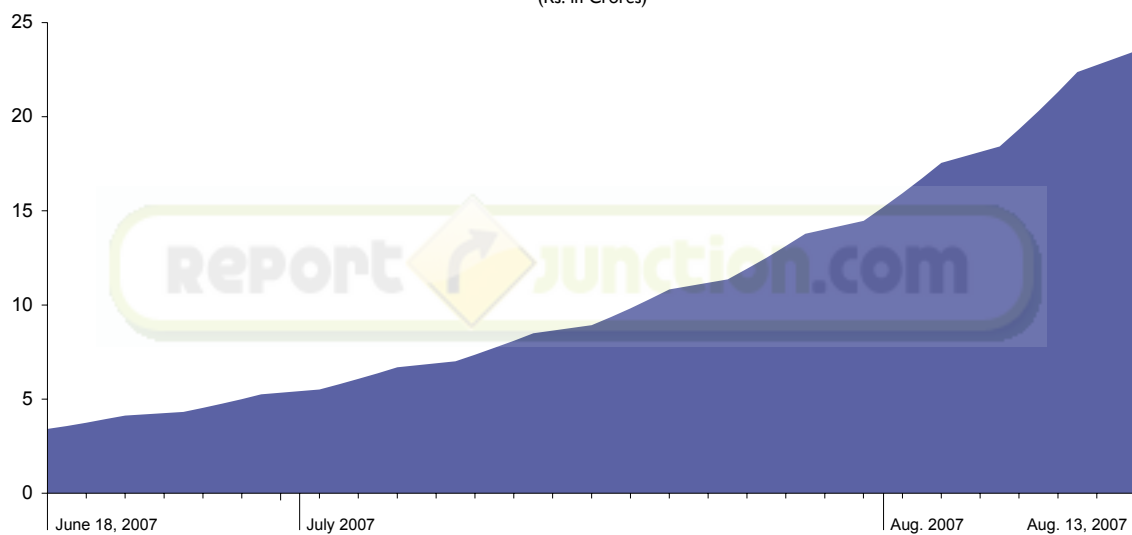
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400078.
Tel. : +91-22-25963838

Contents

Chairman's Letter	5
Directors' Report	7
Management Discussion & Analysis Report	9
Report on Corporate Governance	11
Selected Financial Data	18
Auditor's Report	19
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24
Schedules to the Accounts	25
Notes to the Accounts	29
Balance Sheet Abstract	32
Notice of Annual General Meeting	33

Market Capitalisation of Vedant Hotels Ltd.*

(Rs. in Crores)



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

Chairman's Letter

Dear Shareholder,

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

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

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

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

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

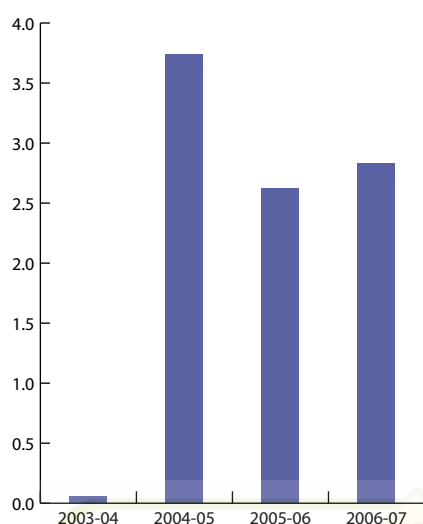
I look forward to meet you during our Annual Meet scheduled on 27th September 2007 at Hotel Vedant, Aurangabad.

Regards

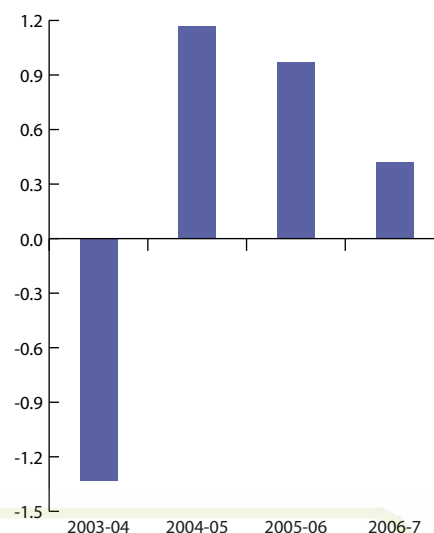
Ramesh Havele
Chairman and Managing Director

Pune, 13th August 2007

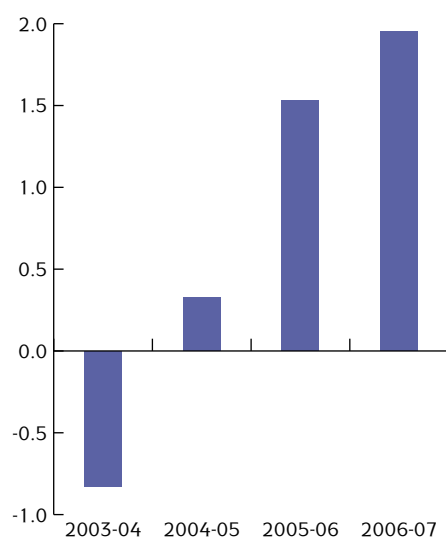
Total Income (Rs. in Crores)



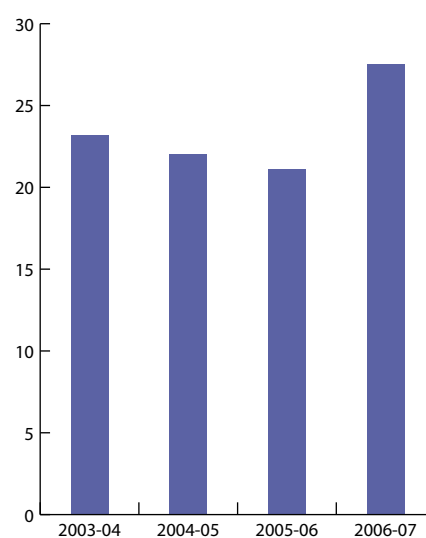
Basic Earnings Per Share (in Rs.)



Book Value (in Rs.)



Total Assets (Rs. in Crores)



Directors' Report

To,
The Members,

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

1. Financial Results

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

(Rs. in Crores)

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

2. Operations

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

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

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

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

3. Dividend

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

4. Conservation of Energy & Technology Absorption

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

5. Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings : Nil
Foreign Exchange Outgo : Nil

6. Auditors

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

Directors' Report

7. Directors

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

8. Fixed Deposits

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

9. Employees

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

10. Audit Report

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

11. Corporate Governance & Management Discussion

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

12. Directors' Responsibility Statement

The Directors of the Company hereby state:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit and loss of the Company for that period;
- iii) that the Director have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) that the Directors have prepared the accounts on a going concern basis.

13. Acknowledgment

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

For and on behalf of the Board of Directors

Ramesh R. Havele
Chairman and Managing Director

Aurangabad, 25th July 2007

Management Discussion and Analysis Report

1. Industry Structure and Developments

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

2. Opportunities and Threats

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

3. Finance

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

4. Segment-wise or Product-wise Performance

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

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

5. Outlook

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

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

6. Risks and Concerns

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

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

7. Internal Control Systems and their Adequacy

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

8. Discussion on Financial Performance with respect to Operational Performance

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

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

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