



Vedant Hotels Limited

**Annual Report 2010**

limited



Vedant Hotels Limited



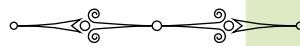
## Our Mission

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  
Ravindra Golwalkar  
Shreeniwas Kale  
Gajanan Deshpande

**Company Secretary**

Mrs. Sanjana Joshi

**Auditors**

T. R. Jalnawala & Associates  
Chartered Accountants

**Bankers**

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

**Registered & Corporate Office**

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

**Email Website**

cs@vedanthotels.com  
www.vedanthotels.com

**Registrar & Transfer Agent**

Link Intime India (Pvt.) 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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## Summary of Selected Financial Data

(₹ in Cr.)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	AAGR* %	Standard Deviation
Total Income from Operations	0.002	3.74	2.62	2.83	4.49	6.36	5.35	13	38
Profit Before Interest, Depreciation and Taxes	(0.03)	2.28	2.39	2.39	4.02	0.90	0.19	-17	62
Financial Charges	1.08	0.59	0.07	0.11	0.26	1.84	2.07	147	271
Gross Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	(0.94)	(1.88)	15	87
Depreciation	-	0.72	0.72	0.71	0.43	0.78	1.90	37	74
Profit / (Loss) Before Tax	(1.11)	0.97	1.61	1.57	3.33	(1.72)	(3.78)	29	112
Profit / (Loss) After Tax	(1.11)	0.97	1.61	1.46	2.87	(1.73)	(3.64)	21	111
Minority Interest in Net Income/(Loss)	-	-	-	-	-	(0.31)	(0.58)	-	-
Net Profit / (Loss) After Minority Interest	(1.11)	0.97	1.61	1.46	2.87	(1.42)	(3.06)	24	108
Cash Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	(0.94)	(1.88)	15	87
Basic Earning per Share (₹)	-1.33	1.17	0.97	0.42	1.55	(1.14)	(0.86)	0	163
Book Value per Share (₹)	-0.83	0.33	1.53	1.95	3.50	2.36	4.75	107	150
Market Value per Share (₹)	N.T.	N.T.	N.T.	N.T.	8.08	5.95	8.59	9	50
Market Capitalisation as at 31 <sup>st</sup> March	N.A.	N.A.	N.A.	N.A.	10.10	7.44	38.14	193	311

**Sources of Funds**

Shares Capital									
- Equity Shares	8.31 #	8.31 #	1.25	1.25	1.25	1.25	4.44		
- Convertible Preference Shares	-	-	10.00	10.00	10.00	10.00	-		
Reserves and Surplus	0.25	0.25	0.66	1.18	3.11	15.83	20.27		
Minority Interest	-	-	-	-	-	1.58	1.00		
Borrowings	14.63	13.46	9.22	15.13	20.38	14.99	18.48		
<b>Total</b>	<b>23.19</b>	<b>22.02</b>	<b>21.12</b>	<b>27.56</b>	<b>34.74</b>	<b>43.65</b>	<b>44.19</b>		

**Uses of Funds**

Net Fixed Assets	15.60	14.89	14.18	13.58	16.94	39.25	43.61		
Investments	0.03	0.03	4.86	4.45	4.98	0.31	0.003		
Net Current Assets	(1.69)	(1.18)	2.08	9.53	12.82	3.95	0.42		
Miscellaneous Expenses	9.26	8.28	-	-	-	0.14	0.16		
<b>Total</b>	<b>23.19</b>	<b>22.02</b>	<b>21.12</b>	<b>27.56</b>	<b>34.74</b>	<b>43.65</b>	<b>44.19</b>		

**Financial Results and Statistics**

								Average	Standard Deviation
Profit Before Interest, Depreciation and Taxes									
as a percentage of Total Income	-	61	91	85	90	14	4	57	39
Returns on Shareholders Fund %	-	-	291	28	80	(32)	(36)	55	124
Price / Book Value Ratio	-	N.A.	N.A.	N.A.	2	3	2	2	0
Corporate Performance vs BSE Index									
1) Annual Percentage change in Book Value	-	-	359	28	80	(32)	101	89	141
2) Annual Percentage change in BSE Index									
(Including Dividend)	-	-	75	17	21	(36)	82	26	45
3) Relative Performance (1) - (2)	-	-	283	11	59	4	20	75	110

\*Average Annual Growth Rate

N. T. : Not Traded (as trading was suspended since 2nd July 2002 to 7<sup>th</sup> May 2007)

N. A. : Not Available/Applicable

# Face value of equity shares of ₹ 10/- each. Face Value reduced to ₹ 1/- on 25<sup>th</sup> October 2005.

From the year 2008-09 Consolidated figures are given

## Chairmans' Letter

Dear Shareholder,

*I have great pleasure in presenting the 24<sup>th</sup> Annual Report for the year ended on 31<sup>st</sup> March 2010.*

*During this year, the net-worth has increased by ₹ 17.77 Cr. and the Book Value per equity share has increased from ₹ 2.36 to ₹ 4.75, a gain of 101%, while the BSE Index has registered a gain of 82% during the year. Over the last 5 years (that is, since the present management took over) Book Value has grown from ₹ 0.33 to ₹ 4.75, a growth of 70% p. a. while the BSE Index has registered a growth of 22% p. a. during this period.*

*Financial Year 2009-10 was difficult for the Company. Hospitality business was down during the first half of the year and our Engineering subsidiary company was in the process of consolidation.*

*However, both the businesses have been looking up since October 2009 and I hope this trend will continue in the financial year 2010-11.*

*Our future growth strategy will include identification of appropriate investment opportunities in the field of Hospitality, Engineering and Securities Trading and deployment of funds in an optimum mix of Debt/Equity in each segment.*

*I look forward to meet you during our Annual Meet scheduled on 30<sup>th</sup> September 2010 at Solaris Banquet Hall, Mayur Colony, Kothrud, Pune.*

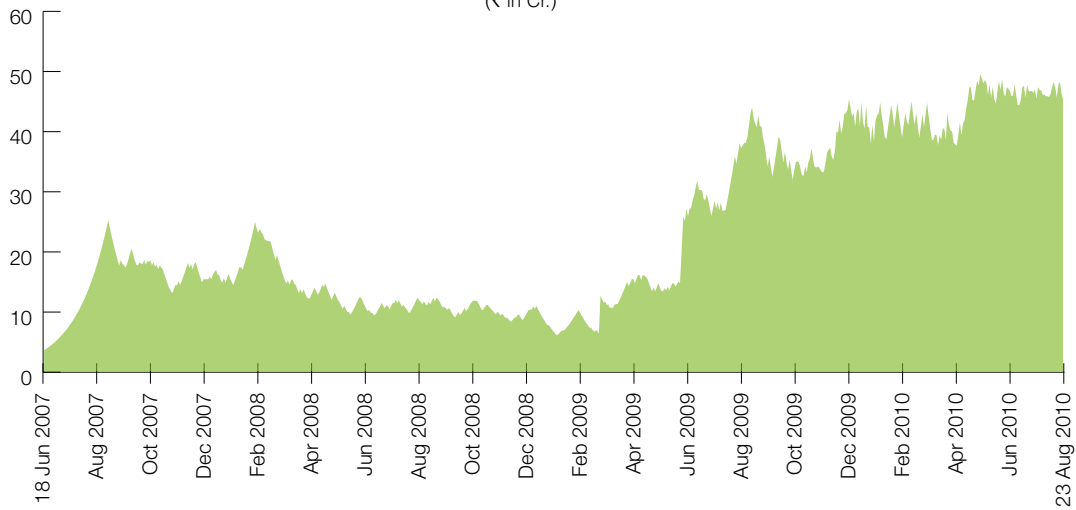
Regards,

Ramesh Havele  
Chairman and Managing Director

Pune, 20<sup>st</sup> August 2010

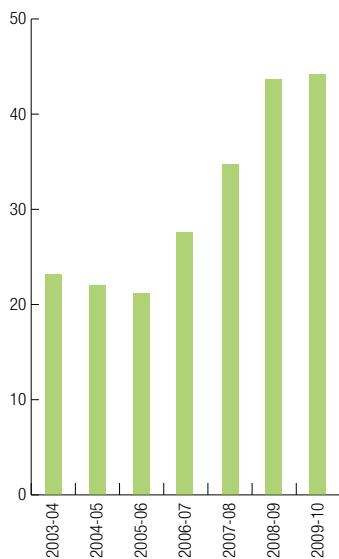
### Market Capitalisation of Vedant Hotels Ltd.\*

(₹ in Cr.)



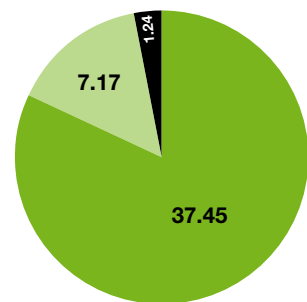
\* Based on closing prices of its Equity Shares on Bombay Stock Exchange (BSE)

### Total Assets (₹ in Cr.)



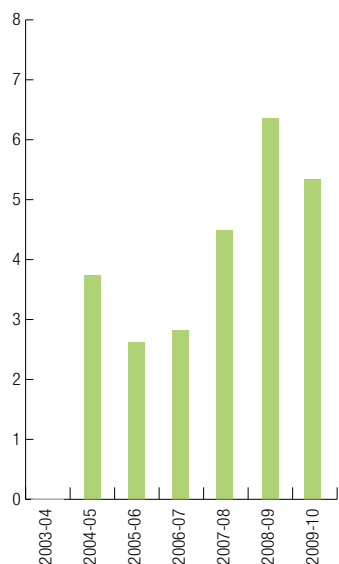
### Break-up of Total Assets as at 31st March 2010

(₹ 45.86 Cr.)



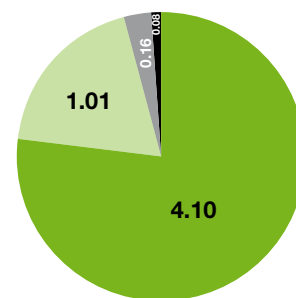
■ Hospitality ■ Others  
■ Engineering

### Total Income (₹ in Cr.)



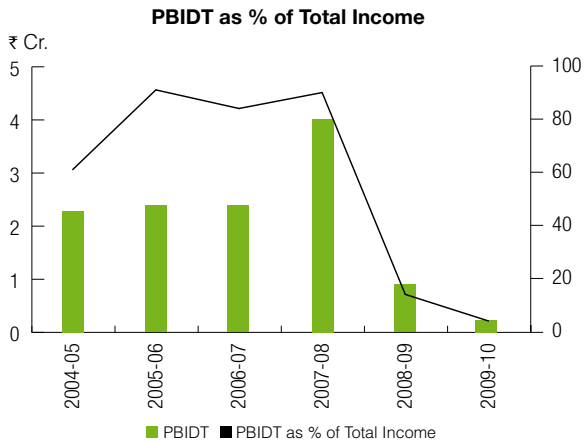
### Break-up of Total Income for the Year 2009-10

(₹ 5.35 Cr.)

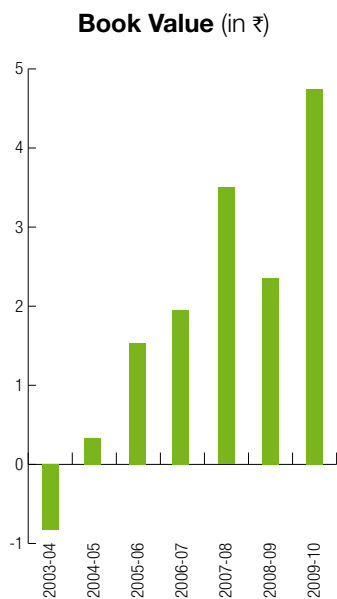
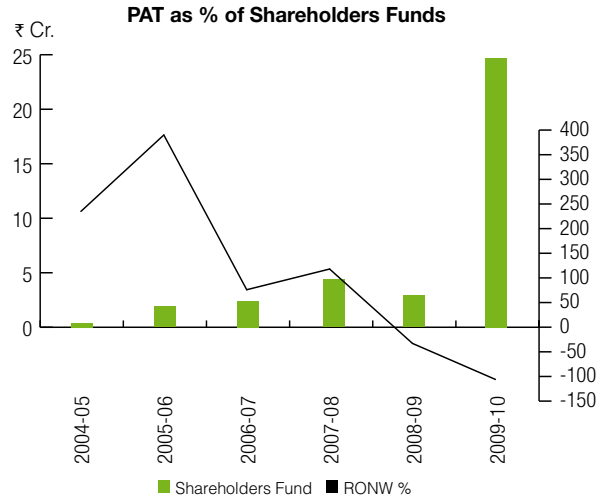
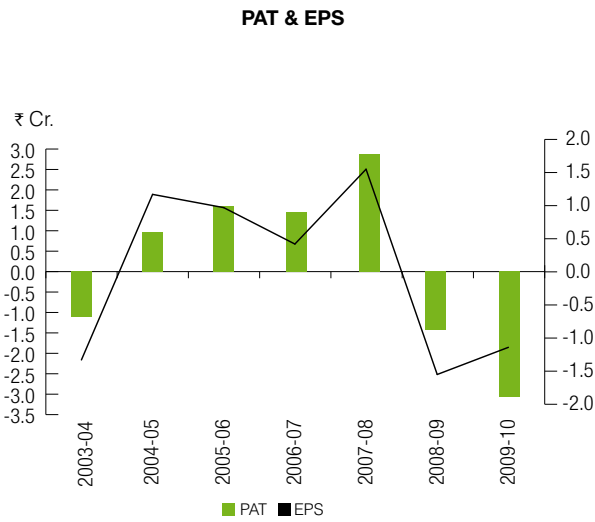


■ Hospitality ■ Securities Trading  
■ Engineering ■ Others





### Break-up of Profit Before Interest Depreciation & Taxes (PBIDT) for the year 2009-10 (₹ 0.19 Cr.)



## Directors' Report

To,  
The Members,  
Vedant Hotels Limited

The Board of Directors of your company has pleasure in presenting the 24<sup>th</sup> Annual Report of the Company together with the Audited statements of accounts for the year ended on 31<sup>st</sup> March, 2010.

### 1. Financial Results

(₹ in Cr.)

Particulars	2009-10	2008-09
Gross Income	4.13	5.63
Profit after Tax / (Loss) for the year	(2.38)	(1.07)
Proposed Dividend	Nil	Nil
Provision for Tax on Dividend	Nil	Nil
Balance carried to Balance Sheet	(2.38)	(1.07)

### 2. Operations

The effect of the economic crisis of 2008 continued in the first half of the year in terms of occupancy and Average Room Revenue (ARR). The second half, witnessed recovery in occupancy, but the ARR remained stagnant. The Company was able to register operating profit in spite of odds, but could not report net profit after interest and depreciation.

During the year, the company refurbished the 3rd floor with 23 rooms and made them operational during November 2009. Now the Company operates at 75% of capacity. Some facilities like swimming pool, health club and Spa were also made operational during the year.

The general uptrend seen since September 2009, is expected to continue during the current year i.e. Financial Year 2010-11.

### 3. Scheme of Arrangement & Amalgamation

Pursuant to the Scheme of Amalgamation and Arrangement sanctioned by the Hon'ble High Court of Judicature, Bombay, on 16<sup>th</sup> July 2009, the Company issued and allotted 53,66,000 Equity shares to the shareholders of the transferor companies against exchange and 1,29,68,300 Equity shares to the parent Company against conversion of loan. Further 46,97,133 Equity shares were issued against acquisition of land on 30<sup>th</sup> April 2010 i.e. during current financial year.

### 4. Dividend

The Board does not recommend any dividend on the Equity Shares for the year ended on 31<sup>st</sup> March 2010.

### 5. Conservation of Energy & Technology Absorption

The Company through constant monitoring, selection of energy saving equipments and education of staff and guests endeavors to conserve and optimize the use of energy. 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. Jainawala & Associates, Chartered Accountants, Aurangabad, retiring auditors of the Company, are eligible for reappointment and have conveyed their willingness for reappointment.

### 8. Subsidiaries

Malkan Engineering Private Limited, a company engaged in manufacture of press parts for automobile industry, is a subsidiary of your company. The company suffered cash loss of ₹ 0.76 crores mainly due to writing off of inventory, unrecoverable receivables, interest expenses and deferred tax. However, the operative performance have shown improvement during the year and the trend is expected to continue in the coming years.

Pursuant to Section 212 of the Companies Act, 1956, the audited financial statements of the subsidiary together with Directors' Report and Auditor's Report thereon are annexed to this Report.

### 9. Consolidated Financial Statements

The Consolidated financial statements prepared in accordance with the Accounting Standard 21 issued by the Institute of Chartered Accountants of India, form part of the Annual Report.

### 10. Directors

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

### 11. Fixed Deposits

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

### 12. Employees

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

### 13. Auditor's Comments

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

#### Statutory Dues:

Due to financial difficulties the Company could not pay the deferred sales tax. However, the Company will settle the dues shortly.

Rest of the Auditor's observations are self explanatory.

#### 14. Corporate Governance & Management Discussion

As per clause 49 of the Listing Agreement, Management Discussion and Analysis Report and Report on Corporate Governance along with Certificate of Compliance from Auditors are annexed and form part of the Directors' Report.

#### 15. 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 or loss of the Company for that period;

- iii) that the Directors had 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 had prepared the accounts on a going concern basis.

#### 16. 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 stakeholders 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, 12<sup>th</sup> August 2010

## Management Discussion and Analysis Report

### 1. Industry structure and developments

Despite global clues, Indian economy has shown strong recovery during the year, primarily in domestic market, stimulated by various measures undertaken by Indian Government.

For hospitality industry, the year was a mixed bag. The first half was rather difficult on count of occupancy and Average Room Revenue (ARR). Post September 2009 the occupancy levels have started picking up along with commercial leisure.

Hospitality is one of the fastest growing sectors in India and is expected to grow for a long time in future. Sources estimate that demand is going to exceed supply by at least 100% over the next two years. Foreign tourist's arrivals have also registered significant increase. With demand-supply disparity, the room rates are most likely to rise by 25% annually and occupancy to rise by 80%.

Government of India has also taken various initiatives to stimulate the hotel and tourism industry. On the whole, Hotel industry in India is set to grow at an astounding rate.

The Company also works in engineering segment through its subsidiary. Engineering industry, especially automobile sector, has shown remarkable turnaround in 2009-10. The trend is expected to continue in 2010-11.

### 2. Opportunities and Threats

Demand for hotel rooms is expected to exceed current supply in coming years. The demand for the weekend destination getaways is also expected to grow at 35-40 percent per year over the next 3-5 years. Therefore, with opportunities galore the future 'Scenario of Indian Hotel Industry' looks rosy.

The global economic clues however are not very positive. Europe and US have not yet shown full recovery and possibility of a double-dip recession is also foreseen by some economists.

### 3. Finance

The Company faced paucity of funds during the year 2009 – 10 as the Banks were not very willing to grant further advances for refurbishing of the Hotel. However, Dhanada Portfolio Management Ltd., parent Company infused funds for refurbishment of the hotel.

The position of working capital remained adequate.

### 4. Segment-wise or product-wise performance

The Company works in Hospitality segment. The subsidiary works in Engineering segment.

During the year under review, Vedant Hotels Ltd. managed to improve its performance in terms of occupancy. The 3rd floor with 23 rooms was refurbished and made operational during November 2009. Hospitality segment is showing signs of recovery.

Malkan Engineering Private Ltd., subsidiary of Vedant Hotels Ltd., carried out expansion and restructuring of the plant during 2008 – 09. The operating systems were established during 2009 – 10. The actual benefit of expansion and restructuring will commence during 2010 - 11, if the general boom in engineering industry continues in 2010 - 11.

### 5. Outlook

Barring unforeseen difficulties, the Company and its subsidiary are now fully poised for en-cashing the current economic boom.

### 6. Risks and concerns

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

The stagnancy of ARR also remains an area of concern.

Input prices, increased competition from several local and international players, technological obsolescence, price sensitivity and demand volatility are inherent business risks in Engineering Industry which could affect profitability, market share and performance of the subsidiary company.

### 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 first half was rather difficult in respect of occupancy and ARR. The second half saw recovery in occupancy level. However, the ARR remained stagnant. The Company was able to earn modest operating profit. However, due to interest burden, the Company suffered cash losses.

Malkan Engineering Private Ltd., subsidiary company, faced cash loss of ₹ 0.76 crores mainly due to writing off of inventory & unrecoverable receivables, interest expenses and deferred tax. However, the quarter-on-quarter operative performance registered improvement.

### 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. The Company has 85 employees as on 12<sup>th</sup> August 2010.

### 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. 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 and endeavors to practice Good Corporate Governance. The Board of Directors fully supports and endorses corporate governance practices in accordance with the provisions of Clause 49 of the listing agreement, as amended.

### 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 Shri. Ravindra S. Golwalkar are independent Directors.

Name of Director	Category
Shri. Ramesh Havele	Executive Director
Mrs. Veena Havele	Non-executive Director
Shri. Shreeniwas Kale	Independent Director
Shri. Gajanan Deshpande	Independent Director
Shri. Ravindra Golwalkar	Independent Director

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

During the period 2009-2010, your Board met 5 (Five) times on following dates:

20<sup>th</sup> April 2009, 30<sup>th</sup> July 2009, 21<sup>st</sup> August 2009, 31<sup>st</sup> October 2009, 30<sup>th</sup> January 2010

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 Director	Category	Attendance		Other Directorship/Committee membership	
			Board Meeting	AGM	Other Directorship**	Committee Chairmanship/ Membership
1.	Ramesh Havele	Executive	5	Yes	2	Nil
2.	Shreeniwas Kale	Independent Director	5	No	1	2
3.	Gajanan Deshpande	Independent Director	5	No	Nil	2
4.	Ravindra Golwalkar	Independent Director	5	Yes	Nil	2
5.	Mrs. Veena Havele	Non-Executive	5	Yes	2	2

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

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

#### c. 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. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company and the Managing Director has confirmed the same. The code of conduct is available on the website of the Company, [www.vedanthotels.com](http://www.vedanthotels.com).

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

### 3. Audit Committee

The Audit Committee is constituted under the Chairmanship of Shri. Ravindra Golwalkar. Shri. Shreeniwas Kale, Shri. Gajanan Deshpande and Mrs. Veena Havele are the other members of the committee. All the members of the Committee are non-executive Directors. Shri. Ravindra Golwalkar is a B. Com and has considerable expertise in the fields of finance and accounts.

During the financial year 2009 – 10, five Audit Committee meetings were held on the following dates, including those before finalization of Accounts and adoption of the Quarterly financial results by the Board.

20<sup>th</sup> April 2009, 30<sup>th</sup> July 2009, 21<sup>st</sup> August 2009, 31<sup>st</sup> October 2009, 30<sup>th</sup> January 2010

The attendance of the members is as follows:

Sr. No.	Name of Directors	Held during the year	Attended
1.	Shri. Gajanan M. Deshpande	5	5
2.	Shri. Shreeniwas G. Kale	5	5
3.	Shri. Ravindra S. Golwalkar	5	4
4.	Mrs. Veena R. Havele	5	5

The role and powers of the Audit Committee are as laid down under 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

The Remuneration Committee is constituted under the Chairmanship of Shri. Shreeniwas Kale. Shri. Gajanan Deshpande and Shri. Ravindra Golwalkar are the other members of the committee. All the members of the Committee are Independent Directors.

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

During the financial year 2009 – 10, one Remuneration Committee meeting was held on 17<sup>th</sup> April 2009 to recommend an increase in sitting fees to non-executive directors.

#### 5. Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee is constituted under the Chairmanship of Shri. Gajanan Deshpande. Shri. Ravindra Golwalkar, Shri. Shreeniwas Kale and Mrs. Veena Havele Directors are other members of the committee.

As per the requirements of SEBI, Mrs. Sanjana M. Joshi, Company Secretary is Compliance Officer.

6 (six) Investor complaints were received during the year which was promptly replied to. There were no complaints pending on 31<sup>st</sup> March 2010 as per Company's records. There are no share transfers pending as on 31<sup>st</sup> March 2010.

#### 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 31<sup>st</sup> March 2010.

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

#### 7. Subsidiary Company

Malkan Engineering Private Limited, a Company engaged in manufacture of press parts for automobile industry, is a subsidiary of your Company.

Shri. Shreeniwas Kale, Independent Director of the Company is on the Board of Malkan Engineering Private Limited.

The Audit Committee of the Company also reviews the financial statements of the subsidiary company. The minutes of the Board Meetings of subsidiary company are placed at the Board meetings of the Company and reviewed.



## 8. General Body Meetings

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

AGM/Year	Venue	Date	Time
2006-2007	Conference Hall, Vedant Hotel, Station Road, Aurangabad - 431005.	27 <sup>th</sup> September 2007	11.30 a.m.
2007-2008	Conference Hall, Vedant Hotel, Station Road, Aurangabad - 431005.	30 <sup>th</sup> September 2008	04.00 p.m.
2008-2009	Banquet Hall, Solaris Club, 128/2, Mayur Colony, Off. Karve Road, Behind P. Jog School, Pune - 411029	30 <sup>th</sup> September 2009	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
27 <sup>th</sup> September 2007	Nil
30 <sup>th</sup> September 2008	Nil
30 <sup>th</sup> September 2009	A special resolution for Alteration of Articles of Association of the Company was passed during the year. The resolution was passed unanimously.

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
Nil	Nil

Details of Special resolutions passed during 2009-2010 by postal ballot – Nil

## 9. Disclosures

- (i) Audit Committee reviews periodically the significant related party transactions i.e. transactions of the Company, which are of material nature, with its subsidiaries. Details of such transactions are provided in Note 17 of the Notes forming part of the Financial Statements in accordance with provisions of Accounting Standard 18, issued by the Institute of the Chartered Accountants of India. There were no significant transactions by the Company with its Promoters, Directors and Relatives that would have potential conflict with the interest of the Company.
- (ii) The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles and comply with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 which are in line with the Accounting Standards recommended by the Institute of the Chartered Accountants of India.
- (iii) 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.
- (iv) 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.
- (v) Shri. Ramesh R. Havele and Mrs. Veena R. Havele are related to each other as husband and wife.
- (vi) 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 2010 is annexed to the Corporate Governance Report.

## 10. Means of Communication

The Company has been sending the quarterly / half yearly 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 'Hindustan Times/Mint'.

The Company puts forth vital information about it on its website [www.vedanthotels.com](http://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 2009-2010 were approved | 12 <sup>th</sup> August 2010                                                                               |
| (ii) | Date of Annual General Meeting                                                                   | 30 <sup>th</sup> September 2010                                                                            |
|      | Venue                                                                                            | Banquet Hall, Solaris Club,<br>128/2, Mayur Colony, Off Karve Road,<br>Behind P. Jog School, Pune – 411029 |
|      | Time                                                                                             | 11 : 30 a.m.                                                                                               |

- (iii) Financial Calendar for 2010-11 (Tentative)

Financial Year: 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011

1 <sup>st</sup> Quarterly Results	Second week of August 2010
2 <sup>nd</sup> Quarterly Results	Second week of November 2010
3 <sup>rd</sup> Quarterly Results	Second week of February 2011
4 <sup>th</sup> Quarterly Results	Second week of May 2011
Annual results for the year Ending 31 <sup>st</sup> March 2011	Second week of August 2011

- (iv) Particulars of Dividend: No dividend is recommended for the Equity shareholders of the Company.
- (v) Book Closure for Annual General Meeting: The book closure is from 27.09.2010 to 30.09.2010 (Both days inclusive).
- (vi) Listing

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

The listing fee of Bombay stock exchange is 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 30<sup>th</sup> June 2010 17.97% (88,20,350 shares) are held in demat form.

It may be noted that Dhanada Portfolio Management Limited owns 67.81% of the Company's Equity Shares and out of the same 57.06% (2,80,10,856) are held in physical form. If these shares were to be excluded from the Total number of shares then dematerialized share accounted to 41.85%.

- (viii) Market Price data

The monthly high / low prices of share of the Company on BSE from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 are given below:

Sr. No.	Month	High (₹)	Low (₹)	Volume of Shares
1	April 2009	5.66	4.16	14556
2	May 2009	4.20	3.97	13130
3	June 2009	6.34	4.20	44381
4	July 2009	7.00	4.77	49706
5	August 2009	7.12	5.23	33667
6	September 2009	7.54	5.54	65183
7	October 2009	10.18	7.25	70765
8	November 2009	8.80	7.04	26497
9	December 2009	8.62	6.85	62243
10	January 2010	10.27	7.66	67034
11	February 2010	10.10	8.36	54548
12	March 2010	9.95	8.54	55845

The Chart below gives the movement of the closing price of the Company's share against the BSE Sensex for the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.



(ix) Share transfer system

The Company has appointed M/s. LINK INTIME INDIA PRIVATE LIMITED as Registrar & Transfer Agents (Formerly named as Intime Spectrum Registry Ltd.) 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 31<sup>st</sup> March 2010

Distribution of share holding as on 31<sup>st</sup> March 2010

No. of Equity Shares	No. of Members	% to Total Members	No. of Shares	% to Total Shares
Upto 5000	4293	96.23	2247675	5.06
5001-10000	60	1.34	437805	0.99
10001 & above	108	2.43	41698968	93.95
Total	4461	100.00	44384448	100.00

(xi) Categories of shareholders as on 31<sup>st</sup> March 2010

Category	No. of shares Held	Percentage of Shareholding
<u>Promoter's Holding</u>		
Indian Promoter	33287656	75.00
<u>Non-promoter's Holding</u>		
Mutual Funds and UTI	127500	0.29
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non- govt. Institutions)	-	-
Other Corporate Bodies	160024	0.36
Indian Public	10365112	23.35
NRIs / OCBs	441480	0.99
Any Other	2676	0.01
Total	44384448	100.00

(xii) Location of Plant (Hotel):  
Vedant Hotels Limited  
S. No. 18349/1/1+2+3,  
Station Road,  
Aurangabad – 431005.

(xiii) Address for Correspondence:  
Vedant Hotels Limited  
Dhanada, 16/6, Erandwana Hsg. Soc.,  
Plot No. 8, Patwardhan Baug,  
Pune – 411004.  
Email: vedant@vedanthotels.com

(xiv) Share Transfer Agents:

**Head Office:**

Link Intime India Private Ltd.  
C-13, Pannalal Silk Mill Compound,  
L.B.S. Marg, Bhadup (West), Mumbai – 400078.

**Pune Address:**

Link Intime India Private 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](http://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 31<sup>st</sup> March 2010.

Ramesh R. 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 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March, 2010, 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  
(Registration No. 104025W)

Pune, 12<sup>th</sup> August 2010

T. R. Jalnawala  
Proprietor  
M. No. 037084

## Auditor's Report

Auditor's Report to the Shareholders of  
VEDANT HOTELS LTD.

We have audited the attached Balance Sheet of VEDANT HOTELS LTD. as at 31<sup>st</sup> March 2010 and also the Cash Flow Statement and 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 Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together, 'the order') 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, 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 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 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 31<sup>st</sup> March, 2010 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. Jalnawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

T. R. Jalnawala  
Proprietor  
M. No. 037084

Pune , 12<sup>th</sup> August 2010



## 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:

### i Fixed Assets

- 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.
- d. The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of that fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

### ii. Inventories

- 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 adequate records of its inventories and no material discrepancies were noticed on physical verification.

### iii. Loans given/taken by the Company

- a. As per the information and explanations given to us, during the year, the Company has not granted loans to Companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The details are as below:
- b. The Company has taken interest free unsecured loans from the parties covered in the register maintained u/s 301 of the Companies, 1956 Act. The details of which are as below:**

Particulars	Maximum amount due at any time during the year Amount (₹)	Balance due as at the end of the Financial year Amount (₹)
Dhanada Portfolio Management Ltd	2,53,10,710.00	2,53,10,710.00

- c. The terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

### iv. Internal Control Systems

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 sale of goods.

### v. Transactions with related parties as per Register of Contract u/s 301

- 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 ₹ 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 and exigencies.

## vi. Deposits from the public

The Company has not accepted deposits from the public and 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.

## vii. Internal Audit System

The Company has no formal internal audit department as such but its control procedures ensure reasonable internal checking of its financial and other records.

## viii. Cost records

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.

## ix. Statutory Dues

a. The Company has been regular in depositing undisputed statutory dues in respect of Provident Fund, Employee's State Insurance (ESI), Income Tax, Sales Tax, Luxury Tax and other material statutory dues.

b. The Undisputed Sales Tax Deferral liability is ₹ 21,04,188/-, which is not paid. Appropriate interest is also due till the actual date of payment.

c. Sales Tax Cases:

1. The Company has disputed Sales tax liability against Assessment orders passed by Sales Tax officer, Aurangabad and matter is pending as detailed below.

Name of Statute	Nature of Due	Amount	Period	Forum Where dispute is pending
Bombay Sales Tax Act, 1959	Sales Tax	5,000	1998-1999	Dy. Commissioner of Sales Tax, (Appeal) Aurangabad
Bombay Sales Tax Act, 1959	Sales Tax	57,536	1999-2000	Dy. Commissioner of Sales Tax, (Appeal) Aurangabad
Bombay Sales Tax Act, 1959	Sales Tax	88,239	2000-2001	Dy. Commissioner of Sales Tax, (Appeal) Aurangabad

2. During the year, the Company has disputed Sales tax liability against Rectification Orders passed by Sales Tax officer, Aurangabad and matter is pending as detailed below.

Name of Statute	Nature of Due	Amount	Part Payment made	Period	Forum Where dispute is pending
Bombay Sales Tax Act, 1959	Sales Tax	2,542,314	150,000	1998-1999	Dy Commissioner of Sales Tax, (Appeal) Aurangabad
Bombay Sales Tax Act, 1959	Sales Tax	1,779,156	125,000	1999-2000	Dy Commissioner of Sales Tax, (Appeal) Aurangabad
Bombay Sales Tax Act, 1959	Sales Tax	919,859	100,000	2000-2001	Dy Commissioner of Sales Tax, (Appeal) Aurangabad
Bombay Sales Tax Act, 1959	Sales Tax	14,049	2,000	2001-2002	Dy Commissioner of Sales Tax, (Appeal) Aurangabad

d. Income Tax Cases:

The Income Tax Assessing Authority has passed assessment order on 14/12/2007 for the assessment year 2005 - 2006 & reduced the carry forward loss to be tune of ₹ 71,62,399/-; on account of disallowance of depreciation. The Company has prepared First appeal before Commissioner of Income Tax (Appeal), Aurangabad & the matter is pending there over.

## x. Sick Industry

The accumulated losses of the Company are not more than fifty per cent of its net worth at the end of the financial year. The Company has incurred cash loss during the year.

## xi. Dues to financial Institutions

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.

## xii. Secured Loans and advances granted

The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

## xiii. Chit Fund, Nidhi or Mutual Benefit Company

In our opinion, the Company is not a chit fund or nidhi or mutual benefit fund or society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003, (as amended), are not applicable to the Company.

## xiv. Investments

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.

## xv. Guarantees given by the Company

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutes. The question of terms and conditions does not arise.

## xvi. Term Loan

In our opinion and according to the information and explanations given to us, and on an overall examination, the term loans taken have been applied for the purpose for which it was raised.

## xvii. Sources of funds and its application

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.

## xviii. Preferential Issue

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 other than allotment made pursuant to the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay.

## xix. Securities and Debentures

In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our audit. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

## xx. End use of Public Issue Fund

The Company has not raised any money by way of public issue during the year.

## xxi. Frauds

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. Jalnawala & Asso.  
Chartered Accountants  
(Registration No.104025W)

Pune, 12<sup>th</sup> August 2010

T. R. Jalnawala  
(Proprietor)  
M. No. 037084

Balance Sheet as at 31<sup>st</sup> March 2010

	Schedule	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
(a) Share Capital	1	44,384,448.00	112,500,000.00
(b) Reserves and Surplus	2	203,209,016.22	158,812,156.44
		<u>247,593,464.22</u>	<u>271,312,156.44</u>
Loans Funds			
(a) Secured Loans	3	111,024,176.86	112,527,247.95
(b) Unsecured Loans	4	27,414,898.02	4,923,607.02
		<u>138,439,074.88</u>	<u>117,450,854.97</u>
	<b>Total</b>	<b><u>386,032,539.10</u></b>	<b><u>388,763,011.41</u></b>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
(a) Gross Block	5	414,865,511.59	386,392,965.63
(b) Less : Depreciation		<u>66,130,616.56</u>	<u>54,293,268.49</u>
(c) Net Block		348,734,895.03	332,099,697.15
(d) Capital Work-in-Progress		<u>7,186,837.62</u>	-
		<u>355,921,732.65</u>	<u>332,099,697.15</u>
INVESTMENTS	6	25,216,140.00	28,255,156.80
CURRENT ASSETS LOANS & ADVANCES	7		
(a) Inventories		652,682.75	539,621.68
(b) Sundry Debtors		4,146,824.49	745,745.28
(c) Cash & Bank Balances		4,104,911.88	7,632,887.36
(d) Loans & Advances		<u>20,205,553.48</u>	<u>35,646,778.45</u>
		<u>29,109,972.60</u>	<u>44,565,032.77</u>
Less : Current Liabilities & Provisions	8		
(a) Current Liabilities		23,963,693.95	15,721,900.31
(b) Provisions		<u>724,388.00</u>	<u>434,975.00</u>
		<u>24,688,081.95</u>	<u>16,156,875.31</u>
NET CURRENT ASSETS		4,421,890.65	28,408,157.46
MISCELLANEOUS EXPENDITURE		<u>472,775.80</u>	-
	<b>Total</b>	<b><u>386,032,539.10</u></b>	<b><u>388,763,011.41</u></b>

Subject to our Report of even date Annexed

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No.104025W)

For and on behalf of the Board

T. R. Jalnawala  
Proprietor  
M. No. 037084

Ramesh R. Havele  
Mrs. Veena R. Havele  
Shreeniwas G. Kale  
Gajanan M. Deshpande  
Ravindra S. Golwalkar  
Mrs. Sanjana Joshi

Chairman & Managing Director  
Director  
Director  
Director  
Director  
Company Secretary

Pune, 12<sup>th</sup> August 2010

## Profit And Loss Account for the Year Ended 31<sup>st</sup> March 2010

	Schedule	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>INCOME</b>			
(a) Room, Restaurants, Banquets and Other Services	A	40,958,169.74	16,073,745.12
(b) Other Income	B	351,223.86	40,179,778.13
	<b>Total</b>	<b>41,309,393.60</b>	<b>56,253,523.25</b>
<b>EXPENDITURE</b>			
(a) Food & Beverages Consumed			
1. Opening Stock		539,621.68	-
2. Add : Purchases		7,466,526.92	3,153,972.54
3. Less : Closing Stock		652,682.75	539,621.68
		<u>7,353,465.85</u>	<u>2,614,350.86</u>
(b) Operating, Administration and Selling Expenses	C	20,041,740.21	30,156,829.95
(c) Salaries & Wages / Staff Expenses	D	8,657,869.00	9,308,241.00
(d) Financial Expenses	E	15,849,141.21	17,666,172.62
	<b>Total</b>	<b>51,902,216.27</b>	<b>59,745,594.43</b>
Profit/(Loss) before Depreciation & Tax		(10,592,822.67)	(3,492,071.18)
Less : Depreciation		11,837,348.07	7,153,950.83
Less : Prior Period Expenses		1,404,700.23	-
Profit/(Loss) before Tax		<u>(23,834,870.97)</u>	<u>(10,646,022.01)</u>
Provision for Tax			
Fringe Benefit Tax		-	58,100.00
Profit/(Loss) after Tax		<u>(23,834,870.97)</u>	<u>(10,704,122.01)</u>
<b>APPROPRIATIONS</b>			
(a) Proposed Dividend		-	-
(b) Income Tax on Dividend		-	-
Balance Carried to Balance Sheet		<u>(23,834,870.97)</u>	<u>(10,704,122.01)</u>
Earnings Per Share (Note 20)		(0.67)	(0.86)

Subject to our Report of even date Annexed

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No.104025W)

T. R. Jalnawala  
Proprietor  
M. No. 037084

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele  
Mrs. Veena R. Havele  
Shreeniwas G. Kale  
Gajanan M. Deshpande  
Ravindra S. Golwalkar  
Mrs. Sanjana Joshi

Chairman & Managing Director  
Director  
Director  
Director  
Director  
Company Secretary

Cash Flow Statement for the Year Ended 31<sup>st</sup> March 2010

	2009-10 ₹	2008-09 ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before tax and Extra-ordinary items	(23,834,870.97)	(10,646,022.01)
<u>Adjustments for</u>		
Depreciation	11,837,348.07	7,153,950.83
Interest Expenses	15,670,863.12	17,541,859.66
Bad Debts / Advances Written off	246,952.15	-
Interest Received	(315,000.95)	(3,631,160.81)
Dividend Received	(35,075.00)	(5,000.00)
(Profit)/Loss on Sale of Fixed Assets (Net)	-	2,649,385.50
(Profit)/Loss on Sale of Investments (Net)	-	7,987,262.78
Operating profit before Working Capital changes	3,570,216.42	21,050,275.95
<u>Adjustments for</u>		
Decrease/(Increase) in Trade & Other Receivables	(3,401,079.21)	1,322,604.02
Decrease/(Increase) in Inventories	(113,061.07)	6,714,502.12
Loans & Advances	15,194,272.82	47,921,390.94
Increase/(Decrease) in Trade & Other Payables	8,531,206.64	(1,450,873.25)
Cash generated from operations	23,781,555.60	75,557,899.78
Taxes Paid	-	(58,100.00)
Cash flow before extra-ordinary items	23,781,555.60	75,499,799.78
Misc. Expenses Writtern off	(356,597.04)	-
<b>Net cashflow from operating activity</b>	<b>23,424,958.56</b>	<b>75,499,799.78</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>		
(Purchase) of Fixed Assets	(35,659,383.58)	(172,736,331.53)
Sale of Fixed Assets	-	202,000.00
(Purchase) of Investments	-	(191,140.00)
Sale of Investments	3,039,016.80	13,794,758.24
Interest Reveived	315,000.95	3,631,160.81
Dividend Received	35,075.00	5,000.00
<b>Net cashflow from investing activity</b>	<b>(32,270,290.83)</b>	<b>(155,294,552.48)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>		
Share Amalgamation Account	-	137,546,668.43
Proceeds from/(Repayment of) Borrowings (Net)	20,988,219.91	(144,459,623.21)
Proceeds from/(Repayment of) Other (Net)	-	840,941.00
Interest and Finance charges paid	(15,670,863.12)	(17,541,859.66)
<b>Net cashflow from financing activity</b>	<b>5,317,356.79</b>	<b>(23,613,873.44)</b>
<b>D) Net increase in Cash and Cash Equivalent</b>	<b>(3,527,975.48)</b>	<b>(103,408,626.14)</b>
Cash and Cash Equivalent as on 01-04-2009	7,632,887.36	111,041,513.50
Cash and Cash Equivalent as on 31-03-2010	4,104,911.88	7,632,887.36

Note: Figures in bracket represent Cash Outflow and without bracket Cash Inflow.

Subject to our Report of even date annexed

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

T. R. Jalnawala  
Proprietor  
M. No. 037084

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele  
Mrs. Veena R. Havele  
Shreeniwas G. Kale  
Gajanan M. Deshpande  
Ravindra S. Golwalkar  
Mrs. Sanjana Joshi  
Chairman & Managing Director  
Director  
Director  
Director  
Director  
Company Secretary



## Schedules Forming Part of the Balance Sheet

	31/03/2010 ₹	31/03/2009 ₹
<b>SCHEDULE : 1 :</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
Authorised Share Capital:		
5,80,00,000 Equity Shares of Re. 1/- each	58,000,000.00	58,000,000.00
100,000,000 8% Cumulative Convertible Preference Shares of Re. 1/- each	100,000,000.00	100,000,000.00
	<b>158,000,000.00</b>	<b>158,000,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
443,84,448 Equity Shares of Re. 1/- each	44,384,448.00	12,500,000.00
10,00,00,000 8% Cumulative Convertible Preference Shares of Re. 1/- each	-	100,000,000.00
<b>Total</b>	<b>44,384,448.00</b>	<b>112,500,000.00</b>
<b>SCHEDULE : 2 :</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account (Previous Year)	18,765,488.01	28,628,669.02
Add: Income Tax Defferment Reversed	-	840,941.00
Add: Profit for the Current year	(23,834,870.97)	(10,704,122.01)
Less: Adj for Share Amalgamation Account	(1,685,254.82)	-
Balance in Profit & Loss Account	(6,754,637.78)	18,765,488.01
Share Premium	168,731,554.00	-
Revenue Reserves	2,634,000.00	-
Special Capital Incentives	2,500,000.00	2,500,000.00
Shares Amalgamation A/c	36,098,100.00	137,546,668.43
<b>Total</b>	<b>203,209,016.22</b>	<b>158,812,156.44</b>
<b>SCHEDULE : 3 :</b>		
<b>SECURED LOANS</b>		
Saraswat Co-op. Bank Ltd. Term Loan - I (Secured by Mortgage/Hypothication of property)	48,176,888.30	49,573,210.30
Saraswat Co-op. Bank Ltd. Term Loan - II (Secured by Mortgage/Hypothication of property)	58,309,226.00	60,737,028.00
HDFC Bank Ltd. (Over Draft against F.D.)	1,684,044.59	-
HDFC Bank Ltd. (Vehicle Loan)	397,597.77	495,027.17
Axis Bank - Income A/c.(Overdraft against F.D.)	-	63,213.28
Axis Bank - Expenses A/c.(Overdraft against F.D.)	2,456,420.20	1,658,769.20
<b>Total</b>	<b>111,024,176.86</b>	<b>112,527,247.95</b>
<b>SCHEDULE : 4 :</b>		
<b>UNSECURED LOAN</b>		
Dhanada Portfolio Mgt. Ltd., (Loan A/c)	25,310,710.00	2,819,419.00
Sales Tax Defferment	2,104,188.02	2,104,188.02
<b>Total</b>	<b>27,414,898.02</b>	<b>4,923,607.02</b>

**SCHEDULE 5  
FIXED ASSETS (At Cost)**

(in ₹)

Description of Assets	Rate	Gross Block				Depreciation			Net Block As At 31/03/2010
		As At 31/03/2009	Additions during the Year	Deductions during the Year	As At 31/03/2010	Total up to 31/03/2009	Deductions during the Year	Total up to 31/03/2010	
Land	-	43,232,424.00	-	-	43,232,424.00	-	-	-	43,232,424.00
Building	1.63%	206,477,283.26	16,175,941.75	-	222,653,225.01	-	3,517,849.43	28,041,969.79	194,611,255.22
Plant & Machinery	4.75%	73,754,173.44	5,179,439.13	-	78,933,612.57	-	3,583,515.11	31,567,935.94	47,365,676.63
Plant & Machinery (Electrical Items)	7.07%	26,136,490.92	2,243,573.37	-	28,380,064.29	-	1,942,732.40	2,686,065.12	25,693,999.17
Furniture & Fixtures	6.33%	33,606,487.13	4,879,905.71	-	38,486,392.84	-	2,279,415.02	3,098,876.90	35,387,515.94
Computer	16.21%	3,186,106.88	(6,314.00)	-	3,179,792.88	-	513,836.11	735,768.81	2,444,024.07
<b>Sub Total</b>		<b>386,392,965.63</b>	<b>28,472,545.96</b>	<b>-</b>	<b>414,865,511.59</b>	<b>-</b>	<b>11,837,348.07</b>	<b>66,130,616.56</b>	<b>348,734,895.03</b>
Work In Progress (W.I.P.)		-	7,186,837.62	-	7,186,837.62	-	-	-	7,186,837.62
<b>Grand Total</b>		<b>386,392,965.63</b>	<b>35,659,383.58</b>	<b>-</b>	<b>422,052,349.21</b>	<b>-</b>	<b>11,837,348.07</b>	<b>66,130,616.56</b>	<b>355,921,732.65</b>

## Schedules Forming Part of the Balance Sheet

	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SCHEDULE : 6 :</b>		
<b>INVESTMENTS</b>		
<u>Quoted Investment:</u>		
Shares In NEPC India Ltd. (81694 Equity Shares)	-	3,039,016.80
<u>Unquoted Investment:</u>		
Shares In The Saraswat Co.Op. Bank Ltd. (2500 Shares of ₹ 10/- Each)	25,000.00	25,000.00
Shares In Malkan Engineering Pvt. Ltd. (535715 Equity Shares at cost)	25,186,140.00	25,186,140.00
National Saving Certificate (Certificate No. 6 NS / 50DD 683325)	5,000.00	5,000.00
<b>Total</b>	<b>25,216,140.00</b>	<b>28,255,156.80</b>
<b>SCHEDULE : 7 :</b>		
<b>CURRENT ASSETS &amp; LOANS &amp; ADVANCES</b>		
Inventories (As taken Valued & Certified by Management)	652,682.75	539,621.68
Receivables	4,146,824.49	745,745.28
Cash & Bank Balances:		
Cash in Hand	337,227.58	51,034.69
Bank Balance		
On Current Account	667,684.30	4,481,852.67
On Fixed Deposit Account	3,100,000.00	3,100,000.00
Sub Total	4,104,911.88	7,632,887.36
Loans, Advances & Deposits:		
Loans & Advances	18,515,297.57	34,195,548.69
Deposits	1,690,255.91	1,451,229.76
Sub Total	20,205,553.48	35,646,778.45
<b>Total</b>	<b>29,109,972.60</b>	<b>44,565,032.77</b>
<b>SCHEDULE : 8 :</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities		
Sundry Creditors	17,278,363.15	13,116,851.98
Other Payables	6,685,330.80	2,605,048.33
Sub Total	23,963,693.95	15,721,900.31
Provisions	724,388.00	434,975.00
<b>Total</b>	<b>24,688,081.95</b>	<b>16,156,875.31</b>

## Schedules Forming Part of the Profit &amp; Loss Account

Year Ended  
31/03/2010  
₹Year Ended  
31/03/2009  
₹**SCHEDULE NO. : A :  
ROOMS, RESTAURANTS, BANQUETS  
AND OTHER SERVICES**

Food & Beverages Sale		16,300,547.94	6,592,297.73
Liquor Sale		1,647,484.10	531,639.40
Room Revenue		20,706,641.50	8,403,832.33
Banquet Sale		1,103,680.58	12,799.59
	Sub Total	<u>39,758,354.12</u>	<u>15,540,569.05</u>
Other Miscellaneous Income		1,199,815.62	533,176.07
	<b>Total</b>	<b><u>40,958,169.74</u></b>	<b><u>16,073,745.12</u></b>

**SCHEDULE NO. : B :  
OTHER INCOME**

Securities Sales		-	57,163,112.00
Less: Opening Stock of Securities		-	7,254,123.80
Less: Securities Purchases		-	13,500,000.00
Gain from Trading in Securities		-	36,408,988.20
Interest Income		315,000.95	3,653,657.81
Dividend Income		35,075.00	5,000.00
Long Term Capital Gain		-	20,000.00
Other Miscellaneous Income		1,147.91	92,132.12
	<b>Total</b>	<b><u>351,223.86</u></b>	<b><u>40,179,778.13</u></b>

**SCHEDULE NO. : C :  
OPERATING, ADMINISTRATION  
AND GENERAL EXPENSES**Operating Expenses

Direct Expenses		1,799,924.75	1,793,243.66
Housekeeping		123,477.69	466,065.01
Linen and Laundry		407,751.00	394,372.00
Power and Fuel		9,762,375.50	5,509,197.50
Repairs to Building		294,182.58	528,944.59
Repairs to Machinery & Others		371,234.86	413,068.49
Sales Promotion		209,449.00	65,446.00
Security & Labour Hire		932,106.29	994,303.54
	Sub Total	<u>13,900,501.67</u>	<u>10,164,640.79</u>

## Schedules Forming Part of the Profit &amp; Loss Account

	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<u>Administration and General Expenses</u>		
Administration Expenses	394,052.71	589,163.77
Advertisement and Publicity	211,953.00	1,053,210.00
Auditors Remuneration	80,000.00	85,000.00
Balance Written Off	246,952.15	2,539,565.95
Capital Loss on Sale of Shares	-	8,007,262.78
Directors' Sitting Fees	200,000.00	40,000.00
Insurance	273,054.00	170,787.00
Interest on Tax Payments	51,829.00	151,111.00
Licence Fees	202,994.56	489,750.00
Miscellaneous Expenses	39,517.75	159,584.00
Printing and Stationery	923,936.29	686,963.36
Professional Fees	2,750,996.31	1,414,526.65
Rates and Taxes	357,495.77	1,151,761.15
Communication Expenses	305,465.00	236,022.00
Travelling and Lodging	102,992.00	568,096.00
Loss on Sale of Assets	-	2,649,385.50
Sub Total	6,141,238.54	19,992,189.16
<b>Total</b>	<b>20,041,740.21</b>	<b>30,156,829.95</b>
 <b>SCHEDULE NO. : D :</b>		
<b>STAFF EXPENSES</b>		
Salary, Wages, Bonus etc.	6,526,313.00	6,691,983.00
Company's Cont. to Retirement Funds & Other Funds	518,520.00	725,029.00
Gratuity and Leave Encashment	479,440.00	425,325.00
Reimbursement of Salary Personnel Deputed to the Company	854,772.00	1,338,159.00
Staff Welfare & Others	278,824.00	127,745.00
<b>Total</b>	<b>8,657,869.00</b>	<b>9,308,241.00</b>
 <b>SCHEDULE NO. : E :</b>		
<b>FINANCIAL EXPENSES</b>		
Bank Commission & Charges	178,278.09	81,213.65
Interest on Loan (Other)	-	43,099.31
Interest on Term Loan	15,427,167.00	12,325,813.00
Interest on Vehicle Loan	60,910.60	60,172.17
Interest on Bank Over Draft	182,785.52	5,155,874.49
<b>Total</b>	<b>15,849,141.21</b>	<b>17,666,172.62</b>

## Schedule 9: Notes Forming Part of Accounts

Notes forming part of the Balance Sheet as at 31<sup>st</sup> March 2010 and Profit & Loss Account for the year ended 31<sup>st</sup> March 2010:

- The Company has converted 10,00,00,000 8% Cumulative Preference Shares of Re. 1/- each into 1,35,50,148 equity shares of Re. 1/- each at a premium of ₹ 6.38 per share on 20<sup>th</sup> April 2009 by obtaining consent of Preference Shareholders by Special Resolution by way of Postal Ballot.
- As per Clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay dated 16<sup>th</sup> July 2009, the Company has acquired land from Mr. R. R. Havele, Chairman and Managing Director and Dr. Laxman V. Kulkarni, local resident. The Company has allotted equity shares as a consideration for land acquired on 30<sup>th</sup> April 2010. However, registration of sale deed of land is pending till the date of audit.
- As the turnover of the Company includes sale of food and beverages, it is not practicable to give quantitative details of the turnover and consumption pursuant to Para 3(i)(a) of Part II, Schedule VI of the Companies Act, 1956. The Company is seeking exemption from such disclosure. However, in line with the industry practice, the following information is furnished:

Income from Guest Accommodation, Restaurant etc.

(₹ In Lacs)

Particulars	Current Year	Previous Year
Guest Accommodation	207.07	84.04
Foods, Beverages	163.01	65.92
Liquor & Wines	16.47	5.32
Telephone and Other	23.03	5.46
Total	409.58	160.74

Consumption of Provisions, Stores and Wines:

Particulars	Year	Opening Stock	Purchases	Closing Stock	Consumption
Provisions, Stores and Beverages	Current	3.90	67.83	4.54	67.19
	Previous	-	27.77	3.90	23.87
Liquor and Wines	Current	1.50	6.83	1.99	6.34
	Previous	-	3.77	1.50	2.27
Total	Current	5.40	74.66	6.53	73.53
	Previous	-	31.54	5.40	26.14

- The Company has invested ₹ 70,11,062.30 as Share Application money in Malkan Engineering Pvt. Ltd., Subsidiary Company. However shares are allotted on 12<sup>th</sup> July 2010 i.e. after the balance sheet date.
- Managerial Remuneration:  
No managerial remuneration is paid or payable for the current year.
- Auditor's Remuneration:

(In ₹)

Sr. No.	Particulars	2009 - 10	2008 - 09
1.	Audit Fees	30,000.00	30,000.00
2.	Tax Audit Fees	25,000.00	20,000.00
3.	VAT Audit Fees	25,000.00	20,000.00
Sub Total		80,000.00	70,000.00
4.	Service Tax	8,240.00	7,210.00
Total		88,240.00	77,210.00



7. Expenditure in foreign currency Nil
8. Earning in Foreign Exchange Nil
9. The Quantitative data of closing stock and valuation of stock have been adopted as furnished and certified by the management of the Company.
10. Depreciation has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 during the year.
11. As there is no taxable income or book profit; provision of Income Tax is not made.
12. The outstanding balances of sundry creditors, sundry debtors, and advances (taken or given) are subject to reconciliation and consequent adjustment if any.
13. As per explanations given by the management, there are no dues to accounts relating small and micro enterprises.
14. Employee Benefits: (As per AS-15 Revised)
- An amount of ₹ 85,100/- is recognized as an expense in the Profit and Loss account in respect of gratuity payable on the basis of actuarial valuation.
  - Employees are eligible for Leave Encashment. The Company has provided Leave Encashment benefit on actuarial value basis.
  - Employees' State Insurance Scheme (ESIS) is the defined contribution scheme offered by the Company. The contributions to this scheme are charged to the profit and loss account of the year in which contribution to such scheme becomes due.
15. The main business of the Company is Hotel Activity. All other activities of the Company are incidental to the main business. Accordingly, there are no separate reportable segments in terms of this Accounting Standard 17 on Segment Reporting issued by ICAI.
16. 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 and Machinery etc. situated at C.T.S. No. 18349/1/1+2+3 at Aurangabad are mortgaged to the Bank as security.
17. Related Party Disclosures: (As per AS 18): Following are transactions with related parties during the year:

Sr. No.	Name of the Party	Nature of Transaction	Opening Balance	Addition during the Year	(Payment)/ Receipt During the year	Balance Outstanding 31/03/2010
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Associate Companies, Key Managerial Personal:

1	Dhanada Portfolio Management Ltd. (Holding Company)	Unsecured Loan taken	2,819,419 (Cr.)	2,63,67,291 (Cr.)	(38,76,000) (Dr.)	2,53,10,710 (Cr.)
2	Malkan Engineering Pvt. Ltd. (Subsidiary Company)	Unsecured Loan given	1,82,32,584 (Dr.)	65,97,500 (Dr.)	24,830,084 (Cr.)	-
3	Dhanada Securities Trading Pvt. Ltd.	Share Application Money given	25,00,000 (Dr.)	-	25,00,000 (Cr.)	-

## 18. Earning Per Share (EPS): (As Per AS 20)

Earning Per Share is calculated as under:

PARTICULARS	2009 – 2010	2008 – 2009
Net Profit as Per Profit and Loss	(2,38,37,398.27)	(10,704,122.01)
Les: Proposed Dividend	Nil	Nil
Less: Provision For Taxation	Nil	Nil
Net Profit available for equity shareholder	(2,38,37,398.27)	(10,704,122.01)
Weighted Average Number of Equity Shares	3,56,15,977	1,25,00,000
Basic and Earning Per Share	(0.67)	(0.86)

## 19. Impairment of Fixed Assets:

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

## 20. Events occurring after Balance Sheet Date:

Refer Note No. 4 of Notes forming part of Balance Sheet.

## 21. Provisions, Contingent Liabilities and Contingent Asset:

- i. Provisions are recognized when the Company has present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimates can be made for the amount of the obligation.
- ii. The Company has availed Bank Guarantee of ₹ 1,00,000/- from Saraswat Co-operative Bank for the purpose of Bar License.

## 22. The Company has submitted Service Tax Return with the Department. The amount of ₹ 33,52,498.29 shown as Service Tax Receivable in its books, representing input credit un-availed during the year, is not reconciled with the books of accounts.

## 23. Previous year's figures are regrouped, reworked and rearranged wherever necessary.

## 24. The Company has incurred following items of prior period expenses which are debited to Profit and Loss A/c. Loss is shown in excess to that extent.

Sr. No.	Particulars	Amount	Year
1	Electricity Expenses	1,123,767.00	2008 – 2009
2	Municipal Tax	119,643.00	2008 – 2009
3	Provident Fund	4,781.00	2008 – 2009
4	Traveling Expenses	7,300.00	2008 – 2009
5	Guest Transport	106,000.00	2008 – 2009
6	Sales Tax	43,209.23	2008 – 2009

## 25. Deferred Revenue Expenditure

The Company has deferred expenses relating to the amalgamation between the Company, Maharashtra Hospitality Ltd. and Vedant Lapidary Pvt. Ltd. amounting to ₹ 4,74,791/-. The Company has decided to write off 1/5th of the said expenses every year to Profit and Loss a/c.

## 26. Miscellaneous Expenditure (Assets)

As per the Scheme of Amalgamation, the Company has debited ₹ 1,16,178.75 to the Miscellaneous Expenditure Account in respect of Transferor Companies and 1/5th of the said expenditure is written off to Profit and Loss Account.

## SIGNIFICANT ACCOUNTING POLICIES

### a. System of Accounting

The Company follows Mercantile System of Accounting and generally recognizes Income and Expenditure on accrual basis except in case of significant uncertainties.

The Financial Statements are prepared on historical cost convention in accordance with the applicable Accounting Standards and the provision of the Companies Act, 1956.

Estimates and Assumptions used in the preparation of the financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date.

### b. Revenue Recognition

Revenue from Hotel activity is recognized on rendering of services and billing to the customer.

### c. Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of fixed assets. Interest on borrowed funds, if any, used to finance the acquisition of fixed assets, is capitalized up to the date the assets are ready for commercial use. Under-utilised assets are recorded at estimated realizable value.

### d. Method of Depreciation:

The Company provides depreciation on all its assets on the Straight Line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, proportionate from the date they are put to use.

### e. Investments:

Long term investments including interests in incorporated jointly controlled entities, are carried at cost, after providing for any diminution in value, if such diminution is of permanent nature. Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

### f. Retirements Benefits:

#### 1. Gratuity:

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to gratuity plan are determined based on actuarial valuation carried out by independent actuary as at the Balance Sheet date.

Actuarial gains and losses are recognized in full in the profit and Loss account for the year in which they occur. (Refer note 14 (a) above)

#### 2. Provident Fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary (currently at 12% of the basic salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner by the Company.

#### 3. Leave Encashment:

Employees' are eligible for Leave Encashment. The Company has provided Leave Encashment benefit on actuarial value basis.

#### 4. Employees' State Insurance Scheme (ESIS):

Employees' State Insurance Scheme (ESIS) is the defined contribution scheme offered by the Company. The contributions to this scheme is charged to the profit and loss account of the year in which contribution to such schemes becomes due.

#### g. Inventories:

Stock of food and beverages and operating supplies are carried at cost computed on a weighted average basis or Net Realizable Value, whichever is lower.

#### h. Research and Development:

The Company does not have a separate Research and Development department and has not incurred any expenditure on Research and Development.

#### i. Taxation:

Deferred tax resulting from timing differences between book profits and taxable profits is accounted for using the tax rates that have been enacted or substantially enacted by the Balance Sheet date to the extent such differences are reversible in subsequent period. Deferred Tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their carrying values at each Balance Sheet date.

#### j. Earnings Per Share:

The Company reports basic earnings per share in accordance with Accounting Standard 20 on 'Earnings per Share'. Basic earning per share is computed as dividing the net profit or loss for the period by the weighted average number of Equity shares outstanding during the period.

As per our report of even date Annexed

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No.104025W)

T. R. Jalnawala  
(Proprietor)  
M. No. 037084

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele  
Managing Director

Shreeniwas G. Kale  
Director

Ravindra S. Golwalkar  
Director

Mrs. Veena R. Havele  
Director

Gajanan M. Deshpande  
Director

Mrs. Sanjana Joshi  
Company Secretary

**Statement Pursuant to Part IV of Schedule 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 <sup>st</sup> March 2010			

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	:	386,032.54	Total Assets	:	386,032.54
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**Sources Of Funds:**

Paid-up Capital	:	44,384.45	Reserves and Surplus	:	203,209.02
Secured Loan	:	111,024.18	Unsecured Loan	:	27,414.90

**Application of Funds:**

Net Fixed Assets	:	355,921.73	Investments	:	25,216.14
Net Current Assets	:	4,421.89	Misc. Expenditure	:	472.78
Accumulated Losses	:	Nil			

IV. Performance of Company (Amount in Thousands)

Turnover	:	41,309.39	Total Expenditure	:	53,306.92
Profit/(Loss) Before Tax	:	(23,834.87)	Profit/(Loss) After Tax	:	(23,834.87)
Earnings Per Share (in ₹)	:	-0.67	Dividend Rate	:	Nil

V. Generic Names of Three Principal Products/Services of the Company

(As per monetary terms)

Item Code No. (ITC Code)	:	Not Applicable
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Product Description	:	Hotel
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**Statement pursuant to section 212 of the Companies Act, 1956, relating to Company's interest in subsidiary companies.**

1.	Name of the subsidiary company	Malkan Engineering Private Limited
2.	Date from which it became subsidiary company	10 <sup>th</sup> February 2009
3.	Financial Year of the subsidiary	31 <sup>st</sup> March 2010
4.	Shares of the subsidiary held by the Company on the above date	
	i) Number of Shares	535715 Equity Shares of ₹ 10/- each
	ii) Extent of holding	53.57%
5.	Net aggregate Profit or (Loss) for the current year (in ₹)	(₹ 1,25,38,923.22)
6.	Net aggregate amount of the profit or loss of the subsidiary so far as it concerns the members of the holding company and not dealt with in the accounts of holding company.	
	a) for the financial year of the subsidiary	(₹ 67,17,101.17)
	b) for the previous financial years of the subsidiary since it became its subsidiary.	(₹ 35,55,202.03)
7.	Net aggregate amount of the profit or loss of the subsidiary so far as those are dealt with in the accounts of holding company.	
	a) for the financial year of the subsidiary	NIL
	b) for the previous financial years of the subsidiary since it became its subsidiary	NIL
8.	Changes in the interest of the Company in the subsidiary Company between the end of financial year of the subsidiary and that of the Company.	NIL
9.	Material changes in respect of subsidiary's fixed assets, investments, lending and borrowing between the end of financial year of the subsidiary and that of the Company	NIL

## Annual Report 2009-10



**MALKAN  
ENGINEERING  
PVT. LTD.**

(A Subsidiary Company)



**Board of Directors**

Ramesh Havele  
Chairman

Nitin Pargaonkar  
Managing Director

Veena Havele  
Shreeniwas Kale

**Auditors** A. P. Dhavalikar & Co.  
Chartered Accountants

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

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

**Email** dhanada@malkanengineering.com

**Plant Location** J-276, MIDC, Bhosari,  
Pune 411 026  
Telephone : +91-20-41232206-11  
Telefax : +91-20-41232207

**Email** info@malkanengineering.com  
**Website** www.malkanengineering.com

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## Directors' Report

To,  
The Members,  
MALKAN ENGINEERING PRIVATE LIMITED

The Directors of your Company present the 13<sup>th</sup> Annual Report of the Company together with the Audited statements of accounts for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

The performance of the Company for the year as compared to the previous year is summarized below:

(₹ In Crores)

Particulars	2009-2010	2008-2009
Sales	1.02	0.58
Other Income	0.20	0.16
Profit/(Loss) before Tax	(1.39)	(0.66)
Provision for Tax	Nil	0.005
Profit/Loss after Tax	(1.25)	(0.66)
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	(1.25)	(0.66)

### OPERATIONS

The Company has carried out expansion and restructuring of the plant during 2008 – 09. The operating systems were established during 2009 – 10. The actual benefit of expansion and restructuring will commence during F. Y. 2010 – 11, if the general boom in engineering industry continues unabated.

During the year the Company faced cash loss of ₹ 0.76 crores mainly due to writing off of inventory and unrecoverable receivables, interest expenses and deferred tax. However, the quarter-on-quarter operative performance registered improvement.

The Directors hope that the positive results of expansion and modernization will be visible during Financial Year 2010 – 11.

### SUBSIDIARY STATUS

The Company has become a subsidiary of Vedant Hotels Limited with effect from February 10, 2009. As Vedant Hotels is a public limited company, your Company is also be deemed to be a public company under the Companies Act, 1956.

### DIVIDEND

In view of the losses, the directors do not recommend any dividend.

### FIXED DEPOSITS

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

### EMPLOYEES

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

### DIRECTORS

Mrs. Veena R. Havele retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend her re-appointment.

### AUDITORS

The Company's auditors M/s. A. P. Dhavalikar & Co., Chartered Accountants, Pune will retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Efforts are continuously made to achieve higher efficiency in utilization of energy by way of constant monitoring, selection of low energy consumption machines and efficient energy management and techniques.

The Company has neither purchased within India nor imported any technology from abroad.

### FOREIGN EXCHANGE EARNINGS & OUTGO

NIL

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirm,

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation related to material departures;
2. 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 the profit or loss of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis.

### ACKNOWLEDGEMENT

The Directors express their sincere thanks to their customers, employees and the Bankers for their continued support.

For and on behalf of the Board of Directors  
Malkan Engineering Private Limited

Ramesh R. Havele  
Chairman

Nitin G. Pargaonkar  
Managing Director

Pune, 12<sup>th</sup> August 2010

## Report of the Auditors to the Members

We have audited the attached Balance Sheet of MALKAN ENGINEERING PVT.LTD. Pune as on 31<sup>st</sup> March, 2010 and also the annexed Profit & Loss Account of the company for the year ended on that date. 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 Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditors Report) (Amendment) Order, 2004 dated 25/11/2004 issued by the Department of Company Affairs, 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, on the basis of such checks as we considered appropriate and according to the information and explanations given to us.

Further to our comments in the Annexure referred to above, we report that:

- 1) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion, proper books of accounts, as required by law, have been kept by the company, so far as appears from the examination of the books.

- 3) The Balance Sheet and the Profit & Loss Account dealt with by the report are in agreement with the books of account.
- 4) In our opinion, the Profit & Loss Account and the Balance Sheet complies with the accounting standards referred to in Sub Section 3(c) of Section 211 of The Companies Act, 1956 to the extent applicable.

On the basis of the written representations received from the directors on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31<sup>st</sup> March, 2010 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 explanation given to us, the said accounts subject to and read with notes appearing thereon, give the information required by The Companies Act 1956, in the manner so required and a true and fair view,

- (A) In the case of the Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March, 2010.
- (B) In the case of Profit & loss Account, of the loss for the year ended on that date.

For A.P.Dhavalikar & Co.  
Chartered Accountants.  
(Registration No 102486W)

A.P.Dhavalikar  
(Proprietor)  
M. No. 032946

Pune, 12<sup>th</sup> August 2010

## Annexure to the Auditors Reports

As required by The Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004 dated 25/11/2004 made by the Central Government under section 227 (4A) of The Companies Act 1956, we have to report that,

- 1)
  - a) The company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The management has physically verified most of these fixed assets and no serious discrepancies were noticed.
  - c) None of the fixed assets have been revalued during the year.
- 2)
  - a) As explained to us, the management, at reasonable intervals, during the year has physically verified the inventories.
  - b) As explained to us, the procedure for physical verification of inventories followed by management, are in our opinion, reasonable and adequate in relation to the size of the company and nature of its business.
  - c) As per records produced to us for verification there were no material discrepancies noticed on physical verification of inventories as compared to book records and the same have been properly dealt with in books of account.

- 3) a) The company has not granted any loans to the companies, firms and other parties covered in the register maintained under section 301 of Companies Act.  
b) The company has taken loans from M/s Vedant Hotels Ltd. The maximum amount outstanding at any time during the year was ₹ 1,82,32,584/- and for the balance amount at the end of the year payable to it has been converted into amounts received against issue of equity share capital at premium. The equity share capital has been issued in the next financial year.
- 4) In our opinion and according to the information and explanations given to us, the company has adequate internal control systems for the purchase of inventories, fixed assets, and for the sale of goods and services.
- 5) According to information and explanations given to us, there were no transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of The Companies Act, 1956, aggregating ₹ 500000/- or more in respect of each party have been made and therefore the particulars of such contracts are not entered into.
- 6) The Company has not accepted deposits from the public and therefore the directives issued by RBI and provision of Section 58 A, 58 AA or any other relevant provisions are not required to be complied with.
- 7) In our opinion , the company has an internal audit system commensurate with the size and nature of its business
- 8) The maintenance of cost records are not prescribed by the Central Government under section 209 (1) (d) of The Companies Act, 1956, in respect of products manufactured by the company.
- 9) a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom duty, Excise duty, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year except the sales tax dues of ₹ 6,99,000 pertaining to the financial year 2004-05.  
b) As per our examination, there were no disputed or undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty or Excise Duty, Service Tax, Cess.
- 10) The Company is registered for a period of not less than 5 years and its accumulated losses at the end of the financial year are not more than 50% of its net worth. It has incurred cash losses in this financial year and also in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to any financial institution or Bank.
- 12) The Company has not granted loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities and other investments and timely entries have been made therein.
- 14) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- 15) As per our examination, the term loans were applied for the purpose for which they were obtained.
- 16) As per our examination of the records the funds raised on short-term basis have not been used for long term investments.
- 17) The company has made preferential allotment of shares to Vedant Hotels Ltd., in the next financial year and has received a share application from it to convert the existing balance amount of loan to equity share capital.
- 18) The company has not issued debentures and therefore no charge is required to be created.
- 19) The management has not made any public issue and therefore the question of disclosure on the end use thereof does not arise.
- 20) As reported to us, no fraud on or by the company has been noticed or reported during the year.

For A. P. Dhavalikar & Co.  
Chartered Accountants.  
(Registration No 102486W)

A.P.Dhavalikar  
(Proprietor)  
M. No. 032946

Pune, 12<sup>th</sup> August 2010

Balance Sheet as at 31<sup>st</sup> March 2010

	Schedule	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SOURCES OF FUNDS</b>			
Share Capital	A	17,011,062.30	10,000,000.00
Reserves and Surplus	B	34,500,000.00	34,500,000.00
Secured Loans	C	46,326,904.29	32,455,842.42
Unsecured Loan	D	-	18,232,584.00
	<b>Total</b>	<b>97,837,966.59</b>	<b>95,188,426.42</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	F		
Gross Block		82,233,037.96	62,049,334.92
Less : Depreciation		15,247,826.27	8,128,483.57
Net Block		66,985,211.69	53,920,851.35
Investments		-	-
Deferred Tax Asset		2,075,826.00	723,201.00
Current Assets, Loans & Advances	G		
Inventories		1,751,391.88	19,222,645.15
Sundry Debtors		2,794,916.47	839,351.26
Cash & Bank Balances		1,782,256.10	5,399,186.75
Advances		604,687.47	6,730,083.14
Deposits		11,146.00	11,146.00
Other Current Assets		4,301,732.43	2,083,937.26
		11,246,130.35	34,286,349.56
Less : Current Liabilities & Provisions	H		
Liabilities		5,869,881.11	5,051,955.99
Provisions		698,383.10	540,113.84
		6,568,264.21	5,592,069.83
Net Current Assets	G-H	4,677,866.14	28,694,279.73
Miscellaneous Expenditure	E	24,099,062.76	11,850,094.34
	<b>Total</b>	<b>97,837,966.59</b>	<b>95,188,426.42</b>

Subject to our Report of even date annexed

For A. P. Dhavalikar & Co.  
Chartered Accountants  
(Registration No 102486W)

A. P. Dhavalikar  
Proprietor  
M. No. 032946

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele                      Chairman  
Nitin Pargaonkar                      Managing Director  
Mrs. Veena Havele                      Director  
Shreeniwas G. Kale                      Director

## Profit & Loss Account for the Year Ended 31<sup>st</sup> March 2010

	Schedule	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>INCOME</b>			
(a) Sales	1	10,160,684.14	5,798,474.61
(b) Other income	2	2,040,894.85	1,595,573.46
	<b>Total</b>	<b>12,201,578.99</b>	<b>7,394,048.07</b>
<b>EXPENDITURE</b>			
(a) Stock Consumed	3	7,107,157.34	6,255,952.04
(b) Other direct expenses	4	3,030,245.08	1,444,252.93
(c) Payments to & Provisions for Employees	5	2,135,795.94	1,529,953.00
(d) Administrative & Other Expenses	6	1,590,221.83	3,377,255.51
(e) Interest & Bank Charge	7	4,815,409.52	724,100.01
(f) Preliminary Expenses W/off	8	289,954.80	-
	<b>Total</b>	<b>18,968,784.51</b>	<b>13,331,513.49</b>
		<b>(6,767,205.52)</b>	<b>(5,937,465.42)</b>
<b>PROFIT/(LOSS) BEFORE DEPRECIATION &amp; TAXATION</b>			
Less : Depreciation		6,969,342.70	491,943.67
Less : Goodwill written off		150,000.00	150,000.00
Less : Fringe Benefit Tax		-	38,000.00
Add : Deferred Tax Income		1,352,625.00	-
Less : Deferred Tax Expense		-	15,020.00
<b>Profit / (Loss) for the year</b>		<b>(12,533,923.22)</b>	<b>(6,632,429.09)</b>
Less Prior Period Expenses		5,000.00	4,125.00
		-	-
Balance brought forward		(10,400,320.34)	(3,763,766.25)
		<b>(22,939,243.56)</b>	<b>(10,400,320.34)</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			

Accounting policies, notes on accounts & Schedules 1 to 8 form an integral part of the Profit & Loss A/c. This is the Profit & Loss A/c referred to in our report of even date.

Subject to our Report of even date annexed

For A. P. Dhavalikar & Co.  
Chartered Accountants  
(Registration No 102486W)

A. P. Dhavalikar  
Proprietor  
M. No. 032946

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele                      Chairman  
Nitin Pargaonkar                      Managing Director  
Mrs. Veena Havele                      Director  
Shreeniwas G. Kale                      Director

Cash Flow Statement for the Year Ended 31<sup>st</sup> March 2010

	2009-10 ₹	2008-09 ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before tax and Extra-ordinary items	(13,891,548.22)	(6,583,534.09)
Adjustments for		
Depreciation & Amortisation	7,119,342.70	641,943.67
Interest Expenses	4,753,922.18	696,726.12
Bad Debts / Advances Written off	206,198.21	-
Interest Received	(196,946.70)	(279,154.24)
Operating profit before Working Capital changes	(2,009,031.83)	(5,524,018.54)
Adjustments for		
Decrease/(Increase) in Trade & Other Receivables	(4,173,360.38)	773,231.13
Decrease/(Increase) in Inventories	17,471,253.27	53,339,315.85
Loans & Advances	5,919,197.46	(6,716,549.14)
Increase/(Decrease) in Trade & Other Payables	976,194.38	1,527,600.83
Cash generated from operations	18,184,252.90	43,399,580.13
Taxes Paid	-	(38,000.00)
Cash flow before extra-ordinary items	18,184,252.90	43,361,580.13
Misc. Expenses Writtern off	289,954.80	-
<b>Net cashflow from operating activity</b>	<b>18,474,207.70</b>	<b>43,361,580.13</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>		
(Purchase) of Fixed Assets	(20,183,703.04)	(41,886,824.92)
Interest Received	196,946.70	279,154.24
<b>Net cashflow from investing activity</b>	<b>(19,986,756.34)</b>	<b>(41,607,670.68)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>		
Decrease in Share Application Money	-	(62,500,000.00)
Proceeds from/(Repayment of) Borrowings (Net)	2,649,540.17	50,688,426.42
Interest and Finance charges paid	(4,753,922.18)	(696,726.12)
<b>Net cashflow from financing activity</b>	<b>(2,104,382.01)</b>	<b>(12,508,299.70)</b>
<b>D) Net increase in Cash and Cash Equivalent</b>	<b>(3,616,930.65)</b>	<b>(10,754,390.25)</b>
Cash and Cash Equivalent as on 01-04-2009	5,399,186.75	16,153,577.00
Cash and Cash Equivalent as on 31-03-2010	1,782,256.10	5,399,186.75

Note: figures in bracket represent Cash Outflow and without bracket Cash Inflow

Accounting policies, notes on accounts & Schedules 1 to 8 form an integral part of the Profit & Loss A/c. This is the Profit & Loss A/c referred to in our report of even date.

For A. P. Dhavalikar & Co.  
Chartered Accountants  
(Registration No 102486W)

A. P. Dhavalikar  
Proprietor  
M. No. 032946

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele                      Chairman  
Nitin Pargaonkar                      Managing Director  
Mrs. Veena Havele                      Director  
Shreeniwass G. Kale                      Director



## Schedules Forming Part of the Balance Sheet

	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
Authorised Equity Share Capital 40,00,000 (10,00,000) Equity share of ₹ 10/- each.	40,000,000.00	10,000,000.00
Authorised Preference Share Capital 10,00,000 (40,00,000 8% Cummulative fully Convertible Preference Shares) Redeemable Preference Shares of ₹ 10/- each on reclassification.	10,000,000.00	40,000,000.00
	<u>50,000,000.00</u>	<u>50,000,000.00</u>
Issued, Subscribed & Fully Paid Up 10,00,000 (10,00,000) Equity Shares of ₹10/- each	10,000,000.00	10,000,000.00
Share Application Money Vedant Hotels Ltd	7,011,062.30	-
<b>Total</b>	<b><u>17,011,062.30</u></b>	<b><u>10,000,000.00</u></b>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium A/C	34,500,000.00	34,500,000.00
<b>Total</b>	<b><u>34,500,000.00</u></b>	<b><u>34,500,000.00</u></b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Car Loan - Saraswat Bank - 46699	1,297,327.00	1,553,653.00
Cash Credit - Saraswat Bank - 203834	3,671,113.69	3,051,291.42
Term loan - Saraswat Bank - 46377	-	2,179,345.00
HDFC Bank - Over draft	925,828.92	-
Term loan - Saraswat Bank - 46430	38,216,662.68	23,145,855.00
Term loan - Saraswat Bank - 46461	2,215,972.00	2,525,698.00
<b>Total</b>	<b><u>46,326,904.29</u></b>	<b><u>32,455,842.42</u></b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
Vedant Hotels Ltd ( Holding Company )	-	18,232,584.00
<b>Total</b>	<b><u>-</u></b>	<b><u>18,232,584.00</u></b>
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
(A) <u>Current Liabilities</u>		
Sundry Creditors	4,545,353.11	4,157,425.99
Profession tax payable	3,275.00	1,985.00
Sales Tax Payable	699,000.00	699,000.00
TDS on Interest	-	4,924.00
TDS on Profession Fees	18,338.00	11,073.00
TDS on Salary	-	17,078.00
TDS on Sub Contractors	6,599.00	35,094.00
TDS on Works Contract Act	-	26,247.00
VAT/GST Payable	380,914.00	99,129.00
Advance from R R Havele	22,253.00	-
Advance from N G Pargaonkar	13,523.00	-
Advance from Customers	180,626.00	-
<b>Total</b>	<b><u>5,869,881.11</u></b>	<b><u>5,051,955.99</u></b>
(B) <u>Provisions</u>		
Electricity Expenses payable	99,120.00	19,910.00
ESI payable	7,711.00	2,784.00
Fringe Benefit Tax Payable	-	38,000.00
Provident Fund payable	22,609.00	15,413.00
Interest Payable	-	18,979.50
Gratuity Payable	387,667.00	351,654.00
Salary & Wages Payable	168,749.61	80,841.00
Telephone Expenses payable	7,433.49	11,881.34
Octroi Payable	3,839.00	-
Water Charges payable	1,254.00	651.00
<b>Total</b>	<b><u>698,383.10</u></b>	<b><u>540,113.84</u></b>

## Schedules Forming Part of the Balance Sheet

Schedule - F  
Fixed Assets

PARTICULARS	Rate	Gross Block				Depreciation up to 31/03/2009			Depreciation for the year				Amortisation During the Year	Cumulative Depre. upto 31.03.10 (9+13+14)	W.D.V AS ON 31.03.09 (2-7)	W.D.V AS ON 31.03.10 (5-15)	
		Gross block as on 1.4.2009	Additions During The Year	Deletion during the year	As on 31.03.10 (2+3-4)	Assets revalued included in gross block	Cummulative	Recouped On Assets Sold	Adjusted Cummulative (7+8)	Chargeable W.D.V (5-6-9)	On opening balance (2-6-9)*1	Prorata on additions during the year					Total (11-12)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Goodwill	0%	1,500,000	-	-	1,500,000	1,350,000	600,000	-	600,000	-	-	-	-	150,000	750,000	900,000	750,000
Land	0%	1,605,612	-	-	1,605,612	1,200,000	-	-	-	405,612	-	-	-	-	-	1,605,612	1,605,612
Factory Building	10%	3,733,589	7,816,266	-	11,549,855	1,800,000	1,047,289	-	1,047,289	8,702,566	88,630	693,295	781,925	-	1,829,214	2,686,300	9,720,641
Furniture & Fixtures	10%	127,195	219,820	-	347,015	-	83,206	-	83,206	263,809	4,399	2,789	7,188	-	90,394	43,989	256,621
Computers	60%	318,365	162,858	-	481,223	-	314,078	-	314,078	167,144	2,572	79,265	81,837	-	395,915	4,287	85,307
Electrical Installation	15%	23,753	1,499,480	-	1,523,233	-	22,658	-	22,658	1,500,575	164	167,694	167,858	-	190,516	1,096	1,332,717
Plant & Machinery																	
- Machinery	15%	4,734,603	47,520,119	-	52,254,721	2,525,000	1,794,176	-	1,794,176	47,935,545	62,314	5,319,427	5,381,741	-	7,175,917	2,940,427	45,078,805
- Dies & Tools	15%	7,238,343	1,925,728	-	9,164,071	4,000,000	2,808,603	-	2,808,603	2,355,468	64,461	17,4218	238,679	-	3,047,282	4,429,740	6,116,790
Office Equipments																	
-Fire Extinguisher	15%	11,300	-	-	11,300	-	10,680	-	10,680	620	93	-	93	-	10,773	620	527
-Intercom System	15%	12,545	-	-	12,545	-	12,108	-	12,108	437	66	-	66	-	12,174	437	371
-Fax machine	15%	18,700	-	-	18,700	-	17,707	-	17,707	993	149	-	149	-	17,856	993	844
-Cooler	15%	20,600	-	-	20,600	-	19,426	-	19,426	1,174	176	-	176	-	19,602	1,174	998
-Cooling Tower	15%	-	24,500	-	24,500	-	-	-	-	24,500	2,910	-	2,910	-	2,910	-	21,590
-Air Conditioner	15%	32,534	18,222	-	50,756	-	484	-	484	50,272	4,807	2,209	7,017	-	7,500	32,050	43,255
-Inverter System	15%	44,750	140,000	-	184,750	-	40,528	-	40,528	144,222	633	5,236	5,869	-	46,396	4,223	138,353
-CC TV Camera	15%	-	69,292	-	69,292	-	-	-	-	69,292	-	3,738	3,738	-	3,738	-	65,554
-Office fan	15%	4,859	-	-	4,859	-	4,558	-	4,558	301	45	-	45	-	4,603	301	256
-Printer Brother	15%	6,827	-	-	6,827	-	1,449	-	1,449	5,378	807	-	807	-	2,255	5,378	4,572
Vehicles																	
Kinetic Honda	15%	35,760	-	-	35,760	-	34,514	-	34,514	1,246	187	-	187	-	34,701	1,246	1,059
Car	15%	1,113,968	-	-	1,113,968	-	1,035,994	-	1,035,994	77,975	11,696	-	11,696	-	1,047,690	77,975	66,278
Honda Accord	15%	2,084,242	-	-	2,084,242	-	244,113	-	244,113	1,840,129	276,019	-	276,019	-	520,133	1,840,129	1,564,109
Motor Cycle	15%	38,711	20,000	-	58,711	-	36,913	-	36,913	21,798	270	575	845	-	37,758	1,798	20,953
Car (Indigo)	15%	-	110,500	-	110,500	-	-	-	-	110,500	-	500	500	-	500	-	110,000
Capital WIP		39,343,080	18,230,461	57,573,541	82,233,038	10,875,000	8,128,484	-	8,128,484	63,679,554	517,488	6,451,854	6,969,343	150,000	15,247,826	14,577,771	66,985,212
<b>Total</b>		<b>62,049,335</b>	<b>77,757,244</b>	<b>57,573,541</b>	<b>82,233,038</b>	<b>10,875,000</b>	<b>8,128,484</b>	<b>-</b>	<b>8,128,484</b>	<b>63,679,554</b>	<b>517,488</b>	<b>6,451,854</b>	<b>6,969,343</b>	<b>150,000</b>	<b>15,247,826</b>	<b>14,577,771</b>	<b>66,985,212</b>

	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
(A) Inventories		
Stock of Goods		
Raw Material	1,342,219.50	1,248,653.00
Work in Process	409,172.38	1,102,698.00
Stock of Shares		
Stock of Shares (Shares at cost of purchase)	-	16,871,294.15
<b>Total</b>	<b>1,751,391.88</b>	<b>19,222,645.15</b>
(B) Sundry Debtors. (Unsecured, considered good, unless otherwise stated). Exceeding Six months. Others.	32,491.82 2,762,424.65	- 839,351.26
<b>Total</b>	<b>2,794,916.47</b>	<b>839,351.26</b>
(C) Cash & Bank Balances.		
Cash in Hand.	132.90	10,005.90
Fixed Deposits with Bank		
FD with Saraswat for Bank Gaurantee	125,709.00	125,709.00
Fixed Deposit with HDFC	1,000,000.00	1,000,000.00
Fixed Deposit with Saraswat Bank	600,000.00	3,100,000.00
Fixed Deposit with Uco Bank	-	5,000.00
Bank balances		
Bank of Maharashtra - current A/c-2464	56,414.20	83,514.26
HDFC Bank Ltd	-	1,067,354.59
IDBI Bank Ltd	-	7,603.00
<b>Total</b>	<b>1,782,256.10</b>	<b>5,399,186.75</b>
(D) Advances		
Accrued Interest - HDFC -674470110761	114,983.05	24,687.23
Accrued Interest - Saraswat Bank Kd/16339	71,297.00	248,062.00
Accrued Interest - Vedant	15,240.81	34,220.31
Advance to Supplier	292,124.37	6,400,146.22
Prepaid Insurance	37,669.00	-
Advance to Staff	9,321.36	-
TDS for F.Y.2007-08	-	7,683.37
TDS for F.Y.2008-09	-	15,284.01
TDS for F.Y.2009-10	64,051.88	-
<b>Total</b>	<b>604,687.47</b>	<b>6,730,083.14</b>
(E) Deposits		
Security Deposit with Gaurav	5,000.00	5,000.00
Security Deposit with MIDC	1,686.00	1,686.00
Security Deposit with MSEB	1,460.00	1,460.00
Security Deposit with Reliance India	3,000.00	3,000.00
<b>Total</b>	<b>11,146.00</b>	<b>11,146.00</b>
(F) Other Current Assets		
Vat Refund Receivable -08-09	845,266.27	845,266.27
Excise Duty	3,456,466.16	1,238,670.99
<b>Total</b>	<b>4,301,732.43</b>	<b>2,083,937.26</b>
<b>SCHEDULE - E</b>		
Miscellaneous Expenditure (to the extent not written off)		
Preliminary Expenses- extension of business	1,159,819.20	1,449,774.00
Profit and Loss A/c Debit balance	22,939,243.56	10,400,320.34
<b>Total</b>	<b>24,099,062.76</b>	<b>11,850,094.34</b>

## Schedules Forming Part of the Profit and Loss Account

	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>SCHEDULE - 1</b>		
<b>SALES</b>		
Sales Less Rejections	8,776,956.57	5,675,878.11
Labour Charges	1,383,727.57	122,596.50
<b>Total</b>	<b>10,160,684.14</b>	<b>5,798,474.61</b>
<b>SCHEDULE - 2</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	9,775.52	8,618.43
Profit (Loss) on Shares traded	1,616,142.87	(79,940.44)
Creditors written back	218,029.76	1,344,641.92
Interest on Bank FD	196,946.70	279,154.24
Interest on Loan	-	43,099.31
<b>Total</b>	<b>2,040,894.85</b>	<b>1,595,573.46</b>
<b>SCHEDULE - 3</b>		
<b>(A) RAW MATERIALS CONSUMED</b>		
Opening Stock	1,248,653.00	1,613,213.00
Add : Purchases	6,507,198.22	5,343,982.04
Less : Closing Stock	1,342,219.50	1,248,653.00
Raw Materials Consumed :	6,413,631.72	5,708,542.04
<b>(B) WORK-IN-PROCESS</b>		
Opening Stock	1,102,698.00	1,650,108.00
Closing Stock	409,172.38	1,102,698.00
(Increase) / Decrease in Stock of WIP	693,525.62	547,410.00
<b>Total</b>	<b>7,107,157.34</b>	<b>6,255,952.04</b>
<b>SCHEDULE - 4</b>		
<b>OTHER DIRECT EXPENSES</b>		
Consumable - Gases	34,972.60	18,560.00
Consumable - Oil & lubricants	183,431.12	96,888.00
Consumable - Others	283,077.11	368,268.55
Electricity Charges	693,050.00	200,458.00
Octroi	51,846.00	16,457.00
Contract Labour Charges	338,284.05	142,292.00
Outside Processing Charges	1,164,337.34	389,045.55
Testing & Calibration Charges	19,358.86	3,000.00
Transportation Charges	251,705.00	202,498.83
Water Charges	10,183.00	6,785.00
<b>Total</b>	<b>3,030,245.08</b>	<b>1,444,252.93</b>

## Schedules Forming Part of the Profit and Loss Account

	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>SCHEDULE - 5</b>		
<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		
Director's Remuneration	-	420,000.00
Salary, Bonus and Employer contribution to ESI & PF	2,074,691.04	1,090,044.00
Welfare Expenses	61,104.90	19,909.00
<b>Total</b>	<b>2,135,795.94</b>	<b>1,529,953.00</b>
<b>SCHEDULE - 6</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Consultation & Professional Charges	402,059.80	376,740.00
Debit Balance Written off	206,198.21	2,703,806.39
Gifts to Customers	26,620.00	7,933.00
Insurance	11,835.00	12,236.00
Legal & License Fees	23,000.00	16,993.00
Municipal tax	33,992.00	2,698.00
Office Expenses	48,703.69	22,596.28
Hospitality Expenses	52,538.60	-
Printing & Stationery	151,385.50	15,341.00
Web Site desiging Charges	35,571.75	-
Repairs & maintenance	95,868.49	34,842.08
Security Charges	117,430.00	-
Telephone Expenses	98,690.40	90,285.76
Travelling & Conveyance Expenses	239,171.50	93,784.00
Sales Tax	47,156.89	-
<b>Total</b>	<b>1,590,221.83</b>	<b>3,377,255.51</b>
<b>SCHEDULE - 7</b>		
<b>INTEREST &amp; BANK CHARGES</b>		
Bank Charges	56,215.34	15,716.46
Interest on Bank Overdraft	600,334.18	552,998.12
Interest on Car Loan	153,409.00	143,728.00
Interest on Late Pymment of Sales tax	282.00	2,113.43
Interest on Late Pymment of TDS	4,661.00	7,815.00
Interest on Late Pymment of WCT	329.00	1,729.00
Interest on Term loan	4,000,179.00	-
<b>Total</b>	<b>4,815,409.52</b>	<b>724,100.01</b>
<b>Schedule - 8</b>		
<b>PRELIMINARY EXPENSES W/OFF</b>		
Preliminary Expenses	289,954.80	-
<b>Total</b>	<b>289,954.80</b>	<b>-</b>

## Notes on Accounts for the financial year ending 31<sup>st</sup> March 2010

Additional information pursuant to the provisions of paragraph 3 & 4 of part 1 of the schedule VI to the Companies Act, 1956.

- Closing Stock:  
Closing stock of raw materials and work in process, as on 31<sup>st</sup> March 2010, has been verified, valued and confirmed by the management.
- Auditors Remuneration :  
Audit Fees and Tax audit fee 115,815.00
- Confirmation from Parties:  
Confirmation from parties for amounts due to / from them as per books of accounts of the company is not received. Necessary adjustments, if any, will be made when the accounts are reconciled and settled.
- The company does not owe ₹ 1,00,000/- or more for more than 30 days or more, to any small scale industry.
- In the opinion of the Board, Current Assets, Loans & Advances, etc are approximately of the value stated if realized in ordinary course of business.
- The Provisions for all known liabilities are adequate except to the extent stated otherwise & is not in excess of the amount considered necessary.
- Figures of last year are regrouped wherever necessary.
- During the year under review, the Authorized Share Capital of the Company comprising of 10,00,000 equity shares of ₹ 10/- each and 40,00,000 8% Cumulative Convertible Preference Shares of ₹ 10/- each was re-classified as 40,00,000 equity shares and 10,00,000 Redeemable Preference Shares of ₹ 10/- each.
- Quantitative information in respect of raw materials consumed, goods produced or manufactured pursuant to the provisions of Part II of the Schedule VI to the Companies Act, 1956 has been given below.

Particulars	Year	Opening Stock		Purchases		Closing Stock		Consumption	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
		(Tonnes)	(₹ Lacs)	(Tonnes)	(₹ Lacs)	(Tonnes)	(₹ Lacs)	(Tonnes)	(₹ Lacs)
HR- MS Sheets	This	21.40	7.49	93.02	27.56	10.90	5.90	103.52	29.15
	Last	33.38	9.68	99.83	28.95	21.40	7.49	111.81	31.14
CR - MS Sheets	This	10.00	5.00	39.05	19.31	11.10	5.12	37.95	19.19
	Last	18.43	6.45	55.14	19.30	10.00	5.00	63.57	20.75
CR & HR Coils	This	0.00	0.00	27.79	9.64	0.00	0.00	27.79	9.64
	Last	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS Plate & Sheet	This	0.00	0.00	8.99	5.18	4.89	1.76	4.10	3.42
	Last	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pipes	This	0.00	0.00	1.84	5.91	0.20	0.64	1.64	5.27
	Last	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Raw Material	This	0.00	0.00	8.77	2.49	0.44	0.002	8.33	2.49
	Last	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	This	31.40	12.49	179.46	70.09	27.53	13.42	183.33	69.16
	Last	51.81	16.13	154.97	48.25	31.40	12.49	175.38	51.89

### Finished Goods - Manufacture & Sale

Year	Opening Stock Qty (Nos)	Manufacture Qty (Nos)	Sale Qty (Nos)	Closing Stock Qty (Nos)
This	Nil	274,780	274,780	Nil
Last	Nil	170,480	170,480	Nil

- Disclosure of transactions with related party as per AS-18 has been given below.

Sr. No.	Name of the Party	Nature of Transaction	Opening Balance	Addition / Sales during the year	(Payment)/Receipt during the year	Closing Outstanding
1	Vedant Hotels Ltd. (Holding Company)	Unsecured Loan Taken	18,232,584.00 Cr.	6,997,500.00 Cr.	(25,230,084.00 Dr.	Nil
2	Nitin Pargaonkar (Managing Director)	Purchase of Motor Car	Nil	110,500.00 Dr.	(110,500.00) Cr.	Nil
3	R. R. Havele (Director)	Sale of Shares	Nil	15,839,747.00 Cr.	15,839,747.00 Dr.	Nil

11. Managerial Remuneration :  
No managerial remuneration is paid or payable for the current year
12. Imports of C.I.F. basis Nil  
Raw material and components (Including Software)  
Stores and Spares, Capital goods
13. Expenditure in Foreign currency Nil  
Technical Know – how fees  
Overseas business expenses etc.
14. Earning in Foreign Exchange Nil  
Income from service
15. The Quantitative data of closing stock and valuation of stock have been adopted as Furnished and certified by the management of the company.
16. As there is no taxable income or book profit; provision of income tax is not made.

## Disclosure of Accounting Policies for the Year Ended on 31<sup>st</sup> March 2010

1. BASIS OF ACCOUNTING
  - a. The Company except under significant & uncertain circumstances follows the mercantile system of accounting and recognizes income & expenditure on accrual basis.
  - b. The financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the current purchasing power of money.
2. FIXED ASSETS  
Fixed assets are stated in the accounts at cost of acquisition.
3. DEPRECIATION  
Depreciation on Fixed Asset has been provided on WDV method at the rates prescribed under the Income Tax Rules on pro rata basis.
4. INVENTORIES
  - a. Raw material : At cost worked out on the basis of last purchase price plus direct expenses
  - b. Work in Process : At material cost plus overheads.
5. REVENUE RECOGNITION
  - a) Sales are recognized when goods are invoiced on dispatch to customers and are net of excise, sales tax & goods returned.
  - b) In case of trading in shares revenue is recognized on sale of shares.
6. RETIREMENT BENEFITS  
Contributions to the provident fund are made in accordance with the rules and are expensed to revenue as incurred. Liability towards gratuity has been provided in the books but is not on actuarial basis. Company has not provided for leave encashment benefits.
7. EVENTS OCCURRING AFTER BALANCE SHEET DATE  
No significant events, which could affect the financial position as on 31.03.2010, have been reported by the company after balance sheet date till signing of the report.
8. FOREIGN CURRENCY TRANSACTIONS  
The foreign currency transactions are of the nature of capital expenditure for purchase of plant and machinery.
9. INTANGIBLE ASSETS (AS – 26)  
In F.Y. 2005-06, the Company has decided to amortize Goodwill acquired during the acquisition of Malkan Engineering over ten years from the year 2005-2006. Accordingly, 10% of Goodwill has been written off to Profit & Loss Account pursuant to provisions of AS – 26.
10. BORROWING COST  
Borrowing costs attributable to the acquisition of a qualifying asset, as defined in AS -16, are capitalized as part of the cost of acquisition. Other borrowing costs are expensed as incurred.



## Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile

### 1) Registration Details:

Registration No.	11-107644 of 1997	State Code	11
Balance Sheet Date	31.03.2010		

### 2) Capital raised during the year (₹ in Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### 3) Position of mobilisation and deployment of Funds (₹ in Thousands)

Total Liabilities	97,837.97	Total Assets	97,837.97
Sources of Funds			
Paid-up Capital	17,011.06	Reserves & Surplus	34,500.00
Secured Loans	46,326.90	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	66,985.21	Investments	Nil
Net Current Assets	6,753.69	Misc.Expenditure	24,099.06

### 4) Performance of Company (₹ in Thousands)

Turnover	10,160.68	Total Expenditure	18,968.78
Profit/(Loss) before Tax	(12,538.92)	Profit/(Loss) after Tax	(12,538.92)
Earning per Share	(12.54)	Dividend Rate	% NIL

### 5) Generic Names of Three Principal Products/ Services of Company ( as per Monetary terms)

Item Code No. ( I T C Code)	NA
Product description	Manufacturing of Sheet Metal Components



**Consolidated Financial Statements  
2009 - 2010**

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1. We have audited the attached Consolidated Balance Sheet of VEDANT HOTELS LIMITED ("the Company"), its subsidiary, (the Company, its subsidiary entity together constitute "the Group") as at 31<sup>st</sup> March 2010, the Consolidated Profit and Loss Account of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of the subsidiary company whose financial statements reflect Total assets (net) of ₹ 7,37,38,904/- as at 31<sup>st</sup> March, 2010, Total revenues of ₹ 1,22,01,578.99 and net cash flow of ₹ (36,16,930.65) for the year then ended as considered in the Consolidated Financial Statements. The financial statements have been audited by other auditor, whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on their reports.
4. (i) We report that the Consolidated Financial Statements have been prepared in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements), as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of its subsidiary, included in the Consolidated Financial Statements, referred to in paragraph 3 above.  
  
(ii) Based on our audit and on consideration of the separate audit reports on individual financial statements of its aforesaid subsidiary, referred to in paragraph 3 above and to the best of our information and according to the explanations given to us, we are of the opinion that the aforesaid Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the profit/loss of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

Pune, 12<sup>th</sup> August 2010

T. R. Jalnawala  
(Proprietor)  
M.No. 037084

Consolidated Balance Sheet as at 31<sup>st</sup> March 2010

	Schedule	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
a) Share Capital	1	44,384,448.00	112,500,000.00
b) Reserves & Surplus	2	202,731,729.15	158,334,869.37
		<u>247,116,177.15</u>	<u>270,834,869.37</u>
Minority Interest		10,010,335.81	15,831,969.77
Loans Funds			
(a) Secured Loans	3	157,351,081.15	144,983,090.37
(b) Unsecured Loans	4	27,414,898.02	4,923,607.02
		<u>184,765,979.17</u>	<u>149,906,697.39</u>
	<b>Total</b>	<b><u>441,892,492.14</u></b>	<b><u>436,573,536.53</u></b>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
(a) Gross Block	5	497,098,549.55	409,099,220.51
(b) Less : Depreciation		81,378,442.80	62,421,752.03
(c) Net Block		415,720,106.75	346,677,468.48
(d) Capital Work-in-Progress		7,186,837.62	39,343,080.04
		<u>422,906,944.37</u>	<u>386,020,548.52</u>
Goodwill on Consolidation		13,158,432.28	6,441,143.02
INVESTMENTS	6	30,000.00	3,069,016.80
DEFERRED TAX ASSET		2,075,826.00	723,201.00
CURRENT ASSETS LOANS & ADVANCES			
(a) Inventories	7	2,404,074.63	2,890,972.68
(b) Stock of Securities		-	16,871,294.15
(c) Sundry Debtors		6,941,740.96	1,585,096.54
(d) Cash & Bank Balances		5,887,167.98	13,032,074.11
(e) Loans & Advances		18,112,057.08	26,186,161.04
		<u>33,345,040.65</u>	<u>60,565,598.52</u>
Less : Current Liabilities & Provision	8		
(a) Current Liabilities		30,144,291.16	20,871,116.33
(b) Provisions		1,112,055.00	824,629.00
		<u>31,256,346.16</u>	<u>21,695,745.33</u>
NET CURRENT ASSETS		2,088,694.49	38,869,853.19
MISCELLANEOUS EXPENDITURE	9	1,632,595.00	1,449,774.00
	<b>Total</b>	<b><u>441,892,492.14</u></b>	<b><u>436,573,536.53</u></b>

Subject to our Report of even date annexed  
For T. R. Jainawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

For and on behalf of the Board

T. R. Jainawala  
Proprietor  
M. No. 037084

Ramesh R. Havele  
Mrs. Veena R. Havele  
Shreeniwas G. Kale  
Gajanan M. Deshpande  
Ravindra S. Golwalkar  
Mrs. Sanjana Joshi  
Chairman & Managing Director  
Director  
Director  
Director  
Director  
Company Secretary

Pune, 12<sup>th</sup> August 2010

## Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March 2010

	Schedule	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>INCOME</b>			
(a) Sales	A		
Direct Sales		49,919,038.26	21,339,043.66
Other Operating Incomes		1,209,591.14	541,794.50
(b) Other Income	B	2,382,343.19	41,766,733.16
	<b>Total</b>	<b>53,510,972.59</b>	<b>63,647,571.32</b>
<b>EXPENDITURE</b>			
(a) Raw Material Consumed			
Opening Stock		1,788,274.68	1,613,213.00
Add : Purchases		13,973,725.14	8,497,954.58
Less : Closing Stock		1,994,902.25	1,788,274.68
		13,767,097.57	8,322,892.90
(b) Work in Progress			
Opening Stock		1,102,698.00	1,650,108.00
Closing Stock		409,172.38	1,102,698.00
		693,525.62	547,410.00
(c) Operating, Administration & Selling Expenses	C	24,957,433.90	35,409,995.82
(d) Salaries & Wages / Staff Expenses	D	10,793,664.94	10,418,194.00
(e) Financial Expenses	E	20,659,278.73	18,378,615.20
	<b>Total</b>	<b>70,871,000.76</b>	<b>73,077,107.92</b>
Profit / (Loss) before Depreciation & Tax		(17,360,028.17)	(9,429,536.60)
Less : Depreciation		18,806,690.78	7,645,894.49
Less : Goodwill Written off		150,000.00	150,000.00
Less : Prior Period Expenses		1,409,700.23	-
Profit / (Loss) before Tax		(37,726,419.18)	(17,225,431.09)
Provision for Tax			
(a) Deferred Tax Income as per AS 22		(1,352,625.00)	15,020.00
(b) Fringe Benefit Tax		-	96,100.00
Profit / (Loss) after Tax		(36,373,794.18)	(17,336,551.09)
Less : Minority Interest in Net Income/(Loss)		(5,821,633.96)	(3,079,337.34)
<b>Net Profit after Minority Interest</b>		<b>(30,552,160.22)</b>	<b>(14,257,213.75)</b>
<b>APPROPRIATIONS</b>			
(a) Transferred to Goodwill on consolidation		(6,717,289.25)	(3,075,804.67)
(b) Proposed Dividend		-	-
<b>Balance Carried to Balance Sheet</b>		<b>(23,834,870.97)</b>	<b>(11,181,409.08)</b>

Subject to our Report of even date annexed  
For T. R. Jainawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

T. R. Jainawala  
Proprietor  
M. No. 037084

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele                      Chairman & Managing Director  
Mrs. Veena R. Havele                Director  
Shreeniwas G. Kale                    Director  
Gajanan M. Deshpande                Director  
Ravindra S. Golwalkar                Director  
Mrs. Sanjana Joshi                      Company Secretary

Consolidated Cash Flow Statement for the Year Ended 31<sup>st</sup> March 2010

	2009-10 ₹	2008-09 ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before tax and Extra-ordinary items	(37,726,419.19)	(17,229,556.10)
<i>Adjustments for:</i>		
Depreciation & Amotrisation	18,956,690.77	7,795,894.50
Interest Expenses	20,424,785.30	18,238,585.78
Bad Debts / Advances Written off	453,150.36	-
Interst Received	(511,947.65)	(3,910,315.05)
Dividend Received	(35,075.00)	(5,000.00)
(Profit)/Loss on Sale of Fixed Assets (Net)	-	2,649,385.50
(Profit)/Loss on Sale of Investments (Net)	-	7,987,262.78
Operating profit before Working Capital changes	1,561,184.59	15,526,257.41
<i>Adjustments for:</i>		
Decrease/(Increase) in Trade & Other Receivables	(7,574,439.59)	2,095,835.15
Decrease/(Increase) in Inventories	17,358,192.20	60,053,817.97
Loans & Advances	21,113,470.28	41,204,841.80
Increase/(Decrease) in Trade & Other Payables	9,507,401.02	76,727.58
Cash generated from operations	41,965,808.50	118,957,479.91
Taxes Paid	-	(96,100.00)
Cash flow before extra-ordinary items	41,965,808.50	118,861,379.91
Misc. Expenditure W/off	(66,642.24)	-
<b>Net cashflow from operating activity</b>	<b>41,899,166.26</b>	<b>118,861,379.91</b>
<b>B) CASH FLOW FROM INVESTTING ACTIVITY</b>		
(Purchase)/Sale of Fixed Assets (Net)	(55,843,086.62)	(214,623,156.45)
Sale of Fixed Assets	-	202,000.00
(Purchase) of Investments (Net)	-	(191,140.00)
Sale of Investments	3,039,016.80	13,794,758.24
Interest Reveived	511,947.65	3,910,315.05
Dividend Received	35,075.00	5,000.00
<b>Net cashflow from investing activity</b>	<b>(52,257,047.17)</b>	<b>(196,902,223.16)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>		
Share Amalgamation Account	-	137,546,668.43
Decrease in Share Application Money	-	(62,500,000.00)
Proceeds from/(Repayment of) Borrowings (Net)	23,637,760.08	(93,771,196.79)
Proceeds from/(Repayment of) Other (Net)	-	840,941.00
Interest and Finance charges paid	(20,424,785.30)	(18,238,585.78)
<b>Net cashflow from financing activity</b>	<b>3,212,974.78</b>	<b>(36,122,173.14)</b>
<b>D) NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(7,144,906.13)</b>	<b>(114,163,016.39)</b>
Cash and Cash Equivalent as on 01-04-2009	13,032,074.11	127,195,090.50
Cash and Cash Equivalent as on 31-03-2010	5,887,167.98	13,032,074.11

Note : Figures in brackets represent Cash Outflow and without brackets Cash Inflow.

Subject to our Report of even date annexed  
For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

T. R. Jalnawala  
Proprietor  
M. No. 037084

Pune, 12<sup>th</sup> August 2010

For and on behalf of the Board

Ramesh R. Havele                      Chairman & Managing Director  
Mrs. Veena R. Havele                Director  
Shreeniwas G. Kale                    Director  
Gajanan M. Deshpande                Director  
Ravindra S. Golwalkar                Director  
Mrs. Sanjana Joshi                      Company Secretary

## Schedules Forming Part of the Consolidated Balance Sheet

	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SCHEDULE : 1 :</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
Authorised Equity Share Capital 5,80,00,000 Equity Shares of Re. 1/- each.	58,000,000.00	58,000,000.00
Authorised Preference Share Capital 100,00,000 8% Cumulative Convertible Preference Shares of Re. 1/- each.	100,000,000.00	100,000,000.00
	<u>158,000,000.00</u>	<u>158,000,000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
4,43,84,448 Equity Shares of Re. 1/- each.	44,384,448.00	12,500,000.00
10,00,00,000 8% Cumulative Convertible Preference Shares of Re. 1/- each.	-	100,000,000.00
<b>Total</b>	<b><u>44,384,448.00</u></b>	<b><u>112,500,000.00</u></b>
<b>SCHEDULE : 2 :</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account (Previous Year)	18,288,200.94	28,628,669.02
Income Tax Deferment Reversed	-	840,941.00
Profit for the current year	(23,834,870.97)	(11,181,409.08)
Adj for Share Amalgamation Account	(1,685,254.82)	-
Balance in Profit & Loss Account	<u>(7,231,924.85)</u>	<u>18,288,200.94</u>
Share Premium	168,731,554.00	-
Revenue Reserves	2,634,000.00	-
Special Capital Incentives	2,500,000.00	2,500,000.00
Share Amalgamation A/c.	36,098,100.00	137,546,668.43
<b>Total</b>	<b><u>202,731,729.15</u></b>	<b><u>158,334,869.37</u></b>
<b>SCHEDULE : 3 :</b>		
<b>SECURED LOANS</b>		
Saraswat Co-op. Bank Ltd. Term Loan - I (Secured by Mortgage/Hypothication of property)	48,176,888.30	49,573,210.30
Saraswat Co-op. Bank Ltd. Term Loan - II (Secured by Mortgage/Hypothication of property)	58,309,226.00	60,737,028.00
HDFC Bank Ltd. (Vehile Loan)	397,597.77	495,027.17
HDFC Bank Ltd. (Over Draft against F.D.)	1,684,044.59	-
Bank Overdraft - Axis Bank	-	63,213.28
Bank Overdraft - Axis Bank Expenses A/c O/D	2,456,420.20	1,658,769.20
Saraswat Co.Op Bank - Vehicle Loan A/c.	1,297,327.00	1,553,653.00
Saraswat Co.Op Bank - Cash Credit A/c.	3,671,113.69	3,051,291.42
Saraswat Co.Op. Bank - (OD against FD) -46377	925,828.92	2,179,345.00
Saraswat Co.Op. Bank - Term Loan A/c. -46430	38,216,662.68	23,145,855.00
Saraswat Co.Op. Bank - Term Loan A/c. -46461	2,215,972.00	2,525,698.00
<b>Total</b>	<b><u>157,351,081.15</u></b>	<b><u>144,983,090.37</u></b>
<b>SCHEDULE : 4 :</b>		
<b>UNSECURED LOAN</b>		
Dhanada Portfolio Management Ltd. (Loan A/c)	25,310,710.00	2,819,419.00
Sales Tax Defferment	2,104,188.02	2,104,188.02
<b>Total</b>	<b><u>27,414,898.02</u></b>	<b><u>4,923,607.02</u></b>



## Schedules Forming Part of the Consolidated Balance Sheet

**SCHEDULE 5**  
**FIXED ASSETS (AT COST)**

(In ₹)

Description Of Assets	Gross Block			Depreciation				Net Block As At 31/03/2010	
	As At 31/03/2009	Additions During The Year	Deductions During The Year	As At 31/03/2010	Total Up To 31/03/2009	Deductions During The Year	During The Year		Amortation During The Year
Goodwill	1,500,000.00	-	-	1,500,000.00	600,000.00	-	-	150,000.00	750,000.00
Land -	44,838,036.00	-	-	44,838,036.00	-	-	-	-	44,838,036.00
Building	210,210,872.36	23,992,207.30	-	234,203,079.66	25,571,408.97	-	4,299,774.41	-	29,871,183.38
Plant & Machinery	88,999,800.19	54,755,785.89	-	143,755,586.08	33,938,734.10	-	9,493,181.33	-	43,431,915.43
Plant & Machinery (Ele. Items)	26,160,243.96	3,743,053.27	-	29,903,297.23	765,990.25	-	2,110,590.61	-	2,876,580.86
Furniture & Fix.	33,885,796.16	5,351,739.03	-	39,237,535.19	1,009,607.78	-	2,307,471.52	-	3,317,079.30
Computer	3,504,471.84	156,543.55	-	3,661,015.39	536,010.93	-	595,672.91	-	1,131,683.84
<b>Sub Total</b>	<b>409,099,220.51</b>	<b>87,999,329.04</b>	<b>-</b>	<b>497,098,549.55</b>	<b>62,421,752.03</b>	<b>-</b>	<b>18,806,690.78</b>	<b>150,000.00</b>	<b>81,378,442.80</b>
Work In Progress (W.I.P.)	39,343,080.04	25,417,298.96	57,573,541.38	7,186,837.62	-	-	-	-	-
<b>Total</b>	<b>448,442,300.55</b>	<b>113,416,628.00</b>	<b>57,573,541.38</b>	<b>504,285,387.17</b>	<b>62,421,752.03</b>	<b>-</b>	<b>18,806,690.78</b>	<b>150,000.00</b>	<b>81,378,442.80</b>
									<b>7,186,837.62</b>
									<b>422,906,944.36</b>

## Schedules Forming Part of the Consolidated Balance Sheet

	As at 31/03/2010 ₹	As at 31/03/2009 ₹
<b>SCHEDULE : 6 :</b>		
<b>INVESTMENTS</b>		
Shares In The Saraswat Co.Op. Bank Ltd. (2500 Shares of ₹ 10/- Each)	25,000.00	25,000.00
Shares In NEPC India Ltd. (81694 Equity Shares at cost)	-	3,039,016.80
National Saving Certificate	5,000.00	5,000.00
<b>Total</b>	<b>30,000.00</b>	<b>3,069,016.80</b>
<b>SCHEDULE : 7 :</b>		
<b>CURRENT ASSETS &amp; LOANS &amp; ADVANCES</b>		
Inventories:		
Raw Material	1,994,902.25	1,788,274.68
Work in Process (As taken Valued & Certified by Management)	409,172.38	1,102,698.00
Sub Total	2,404,074.63	2,890,972.68
Stock of Securities (As taken Valued & Certified by Management)	-	16,871,294.15
Receivables	6,941,740.96	1,585,096.54
Cash & Bank Balances		
Cash in Hand	337,360.48	61,040.59
Bank Balance	5,549,807.50	12,971,033.52
Sub Total	5,887,167.98	13,032,074.11
Loans, Advances & Deposits		
Loans & Advances	16,209,134.31	24,451,036.05
Deposits	1,902,922.77	1,735,124.99
Sub Total	18,112,057.08	26,186,161.04
<b>Total</b>	<b>33,345,040.65</b>	<b>60,565,598.52</b>
<b>SCHEDULE : 8 :</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities		
Sundry Creditors	21,823,716.26	17,274,277.97
Other Payables	8,320,574.90	3,596,838.36
Sub Total	30,144,291.16	20,871,116.33
Provisions	1,112,055.00	824,629.00
<b>Total</b>	<b>31,256,346.16</b>	<b>21,695,745.33</b>
<b>SCHEDULE : 9 :</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses-extension of business	1,632,595.00	1,449,774.00
<b>Total</b>	<b>1,632,595.00</b>	<b>1,449,774.00</b>

## Schedules Forming Part of the Consolidated Profit &amp; Loss Account

	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>SCHEDULE NO. : A :</b>		
<b>SALES</b>		
Food & Beverage Sale	16,300,547.94	6,592,297.73
Liquor Sale	1,647,484.10	531,639.40
Room Revenue	20,706,641.50	8,403,832.33
Banquet Sale	1,103,680.58	12,799.59
Sales Less Rejections	8,776,956.57	5,675,878.11
Labour Charges	1,383,727.57	122,596.50
Sub Total	49,919,038.26	21,339,043.66
Other Operating Income:	1,209,591.14	541,794.50
<b>Total</b>	<b>51,128,629.40</b>	<b>21,880,838.16</b>
 <b>SCHEDULE NO. : B :</b>		
<b>OTHER INCOME</b>		
<u>Profit/(Loss) from Trading in Securities</u>		
Securities Sales:	18,487,437.02	204,479,989.38
Less: Opening Stock of Securities	16,871,294.15	76,552,763.77
Less: Securities Purchases	-	108,469,472.00
Add: Closing Stock of Securities	-	16,871,294.15
	1,616,142.87	36,329,047.76
Other Income		
Dividend	35,075.00	5,000.00
Long term Capital Gain- Securities	-	20,000.00
Other Income	219,177.67	1,436,774.04
Interest Income	511,947.65	3,975,911.36
Sub Total	766,200.32	5,437,685.40
<b>Total</b>	<b>2,382,343.19</b>	<b>41,766,733.16</b>
 <b>SCHEDULE NO. : C :</b>		
<b>OPERATING, ADMINISTRATION &amp; OTHER EXPENSES</b>		
<u>Operating Expenses:</u>		
Direct Expenses	2,656,563.03	2,435,709.21
Fuel & Power expenses	10,490,398.10	5,709,655.50
Housekeeping expenses	123,477.69	466,065.01
Linen & Laundry	407,751.00	394,372.00
Repairs to Building	294,182.58	528,944.59
Repairs & maintainance Expenses	467,103.35	447,910.57
Sales Promotion	209,449.00	65,446.00
Security & Labour Hire	932,106.29	994,303.54
Testing & Calibration Charges	19,358.86	3,000.00
Transportation Charges	251,705.00	202,498.83
Water Charges	10,183.00	6,785.00

## Schedules Forming Part of the Consolidated Profit &amp; Loss Account

	Year Ended 31/03/2010 ₹	Year Ended 31/03/2009 ₹
<b>Administration and General Expenses</b>		
Administration Charges	394,052.71	589,163.77
Advertisement	211,953.00	1,053,210.00
Auditors Remuneration	80,000.00	85,000.00
Capital Loss on Shares	-	8,007,262.78
Director's Remuneration	200,000.00	460,000.00
Legal, Consultation & Professional Charges	4,340,393.45	2,197,305.20
Balance Written off	453,150.34	5,243,372.34
Entertainment Expenses	52,538.60	-
Gifts to Customers	26,620.00	7,933.00
Insurance	284,889.00	183,023.00
Interest on Tax Payments	57,101.00	162,768.43
Licence Fees	202,994.56	489,750.00
Loss on sale of Assets	-	2,649,385.50
Municipal Taxes	33,992.00	2,698.00
Office Expenses	275,178.69	197,521.28
Printing Expenses	923,936.29	686,963.36
Preliminary Expenses Written Off	289,954.80	-
Rates and Taxes	404,652.66	1,151,761.15
Security Guards Charges	117,430.00	-
Stamp Duty & Other Charges	98,690.40	-
Communication Expenses	305,465.00	326,307.76
Travelling & Lodging Expenses	342,163.50	661,880.00
<b>Total</b>	<b>24,957,433.90</b>	<b>35,409,995.82</b>

**SCHEDULE NO. : D :  
STAFF EXPENSES**

Basic Salary of Staff	8,601,004.04	7,782,027.00
Company's Cont. to Retirement Funds & Other Funds	518,520.00	725,029.00
Gratuity and Leave Encashment	479,440.00	425,325.00
Reimbursement of Salary Personnel Deputed to the Company	854,772.00	1,338,159.00
Staff Welfare & Others	339,928.90	147,654.00
<b>Total</b>	<b>10,793,664.94</b>	<b>10,418,194.00</b>

**SCHEDULE NO. : E :  
FINANCIAL EXPENSES**

Bank Commission & Charges	234,493.43	96,930.11
Interest on Loan (Exp)	-	67,002.81
Interest on Term Loan	19,427,346.00	12,325,813.00
Interest on Vehicle Loan	214,319.60	203,900.17
Interest on Bank Over Draft	783,119.70	5,684,969.11
<b>Total</b>	<b>20,659,278.73</b>	<b>18,378,615.20</b>

## Notes on Consolidated Balance Sheet and Profit and Loss Account

### 1. BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relate to Vedant Hotels Ltd. ('the Company') and its Subsidiary. The Company and its subsidiary together constitute 'the Group'. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006.
- The financial statements of Subsidiary used in the consolidation are drawn upto the same reporting date.
- Minority Interest in the net assets of Subsidiaries consists of :
  - a. the amount of equity attributable to the minorities at the date on which investment in Subsidiary is made and
  - b. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- The detail of Subsidiary which is included in the consolidation is given below: -

Name of Company	Holding (%)	
	2009-10	2008-09
Malkan Engineering Pvt. Ltd.	53.57	53.57

### 2. Significant Accounting Policies

The financial statements are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006. The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the financial Statements are as under:-

- a) Revenue Recognition:
  - i. Revenue from Hotel activity is recognized on rendering services and billing to the customer.
  - ii. In respect of the subsidiary company Sales are recognised when goods are invoiced on dispatch to customers and are net of excise, sales tax & goods returned.
- b) Employee Benefits
  - i. Gratuity:  
The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss account for the year in which they occur.
  - ii. Provident fund:  
The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Regional Provident Fund Commissioner by the Company.
- c) Fixed Assets:  
Fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs.
- d) Depreciation and Amortisation:
  - i. In respect of the Company, depreciation is provided under the straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956
  - ii. In respect of the subsidiary company depreciation is provided on WDV method at the rates prescribed under the Income Tax Rules on pro rata basis.

## e) Inventories:

- i Stock of food and beverages and operating supplies are carried at cost (computed on weighted average basis) or Net Realizable Value, whichever is lower.
- ii In respect of Subsidiary Company, raw material is valued at cost worked out on the basis of last purchase price plus direct expenses and Work in Process is valued at material cost plus overheads.

## f) Investments:

Long term investments including interests in incorporated jointly controlled entities, are carried at cost, after providing for any diminution in value, if such diminution is of permanent nature. Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

## 3. Taxes on income:

As the Group has loss in the current financial year no provision for Taxes is made.

## 4. Segment Reporting:

The Group is engaged in Hospitality, Engineering, Securities Trading and other business which is considered as the Primary reportable business segment as per Accounting Standard (AS) 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

## Primary Segment:

(₹ In Lacs)

Sr. No.	Particulars	Hospitality		Engineering		Securities Trading		Others		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Segment Revenue										
1.	a. External	409.58	160.74	101.71	57.98	16.16	363.29	7.66	53.79	535.11	635.80
	b. Inter-Segment	-	-	-	-	-	-	-	-	-	-
	c. Total Revenue	409.58	160.74	101.71	57.98	16.16	363.29	7.66	53.79	535.11	635.80
2.	Total Revenue of each segment as a percentage of Total Revenue of all Segments	76.54	25.28	19.01	9.12	3.02	57.14	1.43	8.46	100.00	100.00
3.	Segment Results (Profit/(Loss)) before Interest, Depreciation and Taxes	58.62	(179.40)	(39.93)	(67.57)	16.16	283.22	7.66	51.88	42.51	88.13
4.	Interest	158.49	175.42	48.10	7.00	-	-	-	-	206.59	182.42
5.	Depreciation / Amortization	118.37	71.54	71.19	6.42	-	-	-	-	189.56	77.96
6.	Taxes	-	0.58	(13.52)	0.53	-	-	-	-	(13.52)	1.11
7.	Segment Result Net Profit/(Loss)	(218.24)	(426.94)	(145.70)	(81.52)	16.16	283.22	7.66	51.88	(340.12)	(173.36)
8.	Segment Assets	3744.73	3422.47	716.63	636.57	-	200.00	124.86	106.69	4586.22	4365.73
9.	Segment Assets as a percentage of all Segments	80.55	78.39	16.78	14.58	-	4.58	2.67	2.44	100.00	100.00
10.	Segment Liabilities	1631.27	1336.08	528.95	380.48	-	-	-	-	2160.22	1716.56
11.	Capital Expenditure	356.60	1397.73	201.84	418.86	-	-	17.26	-	575.70	1816.59
12.	Non-Cash Expenses other than Depreciation and Amortization	4.08	51.89	4.89	27.04	-	-	-	-	8.97	78.93

## 5. Auditors' Remuneration

(in Rupees)

Particulars	2009-2010	2008-2009
Vedant Hotels Ltd (Holding Company)	88,240.00	77,210.00
Malkan Engineering Pvt. Ltd. (Subsidiary Company)	1,15,815.00	82,725.00
Total	2,04,055.00	1,59,935.00

The above figures are inclusive of Service Tax.

## 6. Earnings Per Share (EPS):

As per Accounting Standard 20, issued by the Institute of Chartered Accountants of India the Earning per Share is as under:

Particulars	2009-2010	2008-2009
Net Profit as Per Profit & Loss A/c.	(2,38,34,872)	(1,07,04,122)
Add: Share of Holding Company in Profit/(Loss) of Subsidiary Company	(67,17,289)	(35,53,092)
Less : Proposed Dividend	NIL	NIL
Less : Provision For Taxation	NIL	NIL
Net Profit available for equity shareholder	(3,05,52,161)	(1,42,57,214)
Number of Equity Shares outstanding at the end of the year	3,56,15,977*	1,25,00,000
Basic Earnings Per Share (in ₹)	(0.86)	(1.14)

\*Weighted Average Number Equity Shares during the year are taken for computation of Earnings Per Share.

## 7. Intangible Assets (AS – 26)

In respect of Subsidiary Company, in F.Y. 2005-06, it has decided to amortise Goodwill acquired during the acquisition of Malkan Engineering over ten years from the year 2005-2006. Accordingly, 10% of Goodwill has been written off to Profit & Loss Account pursuant to provisions of AS – 26.

## 8. Impairment of Fixed Assets: (AS – 28)

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

## 9. Events occurring after Balance Sheet Date:

Refer Note No. 4 of Notes forming part of Balance Sheet of Vedant Hotels Ltd.

## 10. Provisions, Contingent Liabilities and Contingent Asset:

i. Provisions are recognized when the Company has present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimates can be made for the amount of the obligation

ii. The Company has availed Bank Guarantee of ₹ 1,00,000/- from Saraswat Co-operative Bank for the purpose of Bar License.

## 11. Vedant Hotels Ltd. has submitted Service Tax Return with the Department. An amount of ₹ 33,52,498.29 shown as Service Tax Receivable in its books, representing input credit unavailed during the year, not reconciled with the books of accounts.

## 12. Previous year's figures are regrouped, reworked and rearranged wherever necessary.

As per our report of even date annexed

For T. R. Jalnawala & Asso.  
Chartered Accountants  
(Registration No. 104025W)

For and on behalf of the board

T. R. Jalnawala  
(Proprietor)  
M. No. 037084

Ramesh R. Havele  
Managing Director

Mrs. Veena R. Havele  
Director

Shreeniwas G. Kale  
Director

Gajanan M. Deshpande  
Director

Pune, 12<sup>th</sup> August 2010

Ravindra S. Golwalkar  
Director

Mrs. Sanjana M. Joshi  
Company Secretary



**2<sup>nd</sup> Room Night free\***  
(Pay for One Night & get the Second Night free)



## Shareholder's Coupon

\* Coupon is valid at VITS - Aurangabad, a property of Vedant Hotels Ltd.  
\* Subject to Terms & Conditions overleaf

**Coupon No.: A**  
**Name :**  
**Tel. No. :**



**2<sup>nd</sup> Room Night free\***  
(Pay for One Night & get the Second Night free)



## Shareholder's Coupon

\* Coupon is valid at VITS - Aurangabad, a property of Vedant Hotels Ltd.  
\* Subject to Terms & Conditions overleaf

**Coupon No.: B**  
**Name :**  
**Tel. No. :**



**2<sup>nd</sup> Room Night free\***  
(Pay for One Night & get the Second Night free)



## Shareholder's Coupon

\* Coupon is valid at VITS - Aurangabad, a property of Vedant Hotels Ltd.  
\* Subject to Terms & Conditions overleaf

**Coupon No.: C**  
**Name :**  
**Tel. No. :**



**Valid only for F & B**  
**30% Discount on F&B\***



## Shareholder's Coupon

\* Coupon is valid at VITS - Aurangabad, a property of Vedant Hotels Ltd.  
\* Subject to Terms & Conditions overleaf

**Coupon No.: D**  
**Name :**  
**Tel. No. :**



### Terms & Conditions:

1. Room will be subject to availability and to be booked 15 days in advance.
2. Room reservation to be made during office hrs. i. e. between 9 a. m. to 6 p. m. at VITS - Aurangabad and use of coupon with number to be mentioned, failing which, the discount will not be extended.
3. The Original Coupon needs to be presented to the Reception on check-in.
4. When making a booking, they must specify that they are share holdres.
5. The coupon will be valid for a double occupancy room only, extra bed will be charged ₹ 1,500/- plus taxes.
6. The above offer is valid for room only basis.
7. Check-in / check-out will be 12 noon.
8. One day advance has to be paid at the tome of booking.
9. Child below 12 yrs. will be free of charg if extra bed is not taken. over and above will be charged.
10. The rate of day for a standard room will be charged at the time of making the booking.
11. The Coupon will be valid till 31st August 2011.
12. The complimentary room is to be used immidiatly after the paid room and cannot be taken at a letter date.
13. The room booking has to be guaranteed by a credit card paymemnt or an advance payment.
14. A room booking cancellation will be honoured only if given in writing 24 hrs. in advance before the arrival.
15. Discount in F&B cannot be clubbed with any other discounts, promotions etc.

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14. A room booking cancellation will be honoured only if given in writing 24 hrs. in advance before the arrival.
15. Discount in F&B cannot be clubbed with any other discounts, promotions etc.

### Terms & Conditions:

1. 30% Discount on Food & Beverages
2. The Original Coupon has to be presented to the Restaurant dining in.
3. Up to 10 pax can be entertained at any given time per coupon.
4. Discount in F&B cannot be clubbed with any othre discounts, promotions etc.
5. Coupon not valid for Banquets.



**VITS**

— Guest. Rest. Best. —  
Luxury Business Hotel - Mumbai





## Vedant Hotels Limited

Regd. & 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](mailto:vedant@vedanthotels.com)  
Website : [www.vedanthotels.com](http://www.vedanthotels.com)