



Vedant Hotels Limited
Annual Report 2011



VITS - Aurangabad

VITS - Aurangabad



 VITS

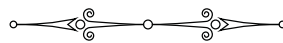
Our Mission

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 Shreeniwas Kale Gajanan Deshpande Ravindra Golwalkar
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. India Telefax : +91-20-25462408, 25460661
Email	cs@vedanthotels.com
Website	www.vedanthotels.com
Registrar & Transfer Agent	Link Intime India Pvt. Ltd. <i>Pune Office:</i> Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411001. Tel. : +91-20-26163503 <i>Mumbai Office:</i> C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400078. Tel. : +91-22-25963838

Chairman's Letter	4
Selected Financial Data	5
Segment wise Analysis	6
Directors' Report	9
Management Discussion & Analysis Report	11
Report on Corporate Governance	13
Auditor's Report	20
Balance Sheet	24
Profit & Loss Account	25
Cash Flow Statement	26
Schedules to the Accounts	27
Notes to the Accounts	32
Balance Sheet Abstract	36
Statement pursuant to section 212 of the Companies Act, 1956,	37
Annual Report of Malkan Engineering Pvt. Ltd.	39
Consolidated Financial Statements	57

4 Chairmans' Letter

Dear Shareholder,

I have great pleasure in presenting the 25th Annual Report for the year ended on 31st March 2011.

During this year, the net-worth has increased by Rs.2.64 Cr. and the Book Value per equity share has increased from Rs. 4.60 to Rs 4.70, a gain of 2%, while the BSE Index has registered a gain of 11% during the year. Over the last 6 years (that is, since the present management took over) Book Value has grown from Rs. 0.33 to Rs. 4.70, a growth of 55% p. a. while the BSE Index has registered a growth of 18% p. a. in this period.

During the Financial Year 2010-11, top line growth in Hospitality Business was 63 % whereas in engineering business it was 325%. Bottom line growth in Hospitality and engineering is 76 % and 73 % respectively. Both the businesses have started generating cash profit and I hope they will generate profit after tax during the next Financial Year.

With the stabilization of operations of both the business I am planning to focus on treasury operations of the company.

Our future growth strategy will be both organic and inorganic in nature. This strategy along with the use of Financial Derivatives in treasury operations will endeavor to maximize returns on shareholders' fund and minimize overall risk to shareholders.

I look forward to meet you during our Annual Meet scheduled on 30th September 2011 at Solaris Banquet Hall, Mayur Colony, Kothrud, Pune.

Regards,

*Ramesh Havele
Chairman and Managing Director*

Pune, 25th August 2011

Summary of Selected Financial Data

(₹ in Cr.)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	AAGR* %	Standard Deviation
Total Income from Operations	0.002	3.74	2.62	2.83	4.49	6.36	5.35	11.19	29	52
Profit Before Depreciation and Interest	(0.03)	2.28	2.39	2.39	4.02	0.90	0.30	2.66	119	331
Financial Charges	1.08	0.59	0.07	0.11	0.26	1.84	2.04	2.14	123	249
Gross Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	(0.94)	(1.74)	0.52	-12	94
Depreciation	-	0.72	0.72	0.71	0.43	0.78	1.90	2.09	32	67
Profit / (Loss) Before Tax	(1.11)	0.97	1.61	1.57	3.33	(1.72)	(3.77)	(1.57)	14	106
Profit / (Loss) After Tax	(1.11)	0.97	1.61	1.46	2.87	(1.73)	(3.64)	(0.87)	4	107
Minority Interest in Net Income/(Loss)	-	-	-	-	-	(0.31)	(0.58)	(0.17)	-	-
Net Profit / (Loss) After Minority Interest		0.97	1.61	1.46	2.87	(1.42)	(3.06)	(0.70)	7	105
Cash Profit / (Loss)	(1.11)	1.69	2.32	2.29	3.76	(0.94)	(1.87)	0.52	-9	97
Basic Earning per Share ₹	-1.33	1.17	0.97	0.42	1.55	(1.14)	(0.86)	(0.14)	-14	150
Book Value per Share ₹	-0.83	0.33	1.53	1.95	3.50	2.36	4.60	4.70	88	141
Market Value per Share (₹)	N.T.	N.T.	N.T.	N.T.	8.08	5.95	8.59	8.65	6	36
Market Capitalisation as at 31st March	N.A.	N.A.	N.A.	N.A.	10.10	7.44	38.14	42.47	133	243
Sources of Funds										
Shares Capital										
- Equity Shares	8.31 #	8.31 #	1.25	1.25	1.25	1.25	4.44	4.91		
- 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	20.99	20.53		
Minority Interest	-	-	-	-	-	1.58	1.00	0.83		
Borrowings	14.63	13.46	9.22	15.13	20.38	14.99	18.48	19.37		
Total	23.19	22.02	21.12	27.56	34.74	43.65	44.91	45.64		
Uses of Funds										
Net Fixed Assets	15.60	14.89	14.18	13.58	16.94	39.25	42.93	42.58		
Investments	0.03	0.03	4.86	4.45	4.98	0.31	0.003	0.003		
Net Current Assets	(1.69)	(1.18)	2.08	9.53	12.82	3.95	0.42	0.90		
Miscellaneous Expenses	9.26	8.28	-	-	-	0.14	1.56	2.16		
Total	23.19	22.02	21.12	27.56	34.74	43.65	44.91	45.64		
Financial Results and Statistics									Average	Standard Deviation
Profit before depreciation and interest as a percentage of Total Income	-	61	91	85	90	14	6	24	53	38
Profit after Tax as percentage of Total Income	-	-	61	52	64	(27)	(68)	(8)	12	55
Price / Book Value Ratio	-	N.A.	N.A.	N.A.	2	3	2	2	2	0
Corporate Performance vs BSE Index										
1) Annual Percentage change in Book Value	-	-	359	28	80	(32)	95	2	88	141
2) Annual Percentage change in BSE Index	-	-	75	17	21	(36)	82	11	28	44
3) Relative Performance (1) - (2)	-	-	283	11	59	4	13	(9)	60	112

*Average Annual Growth Rate

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

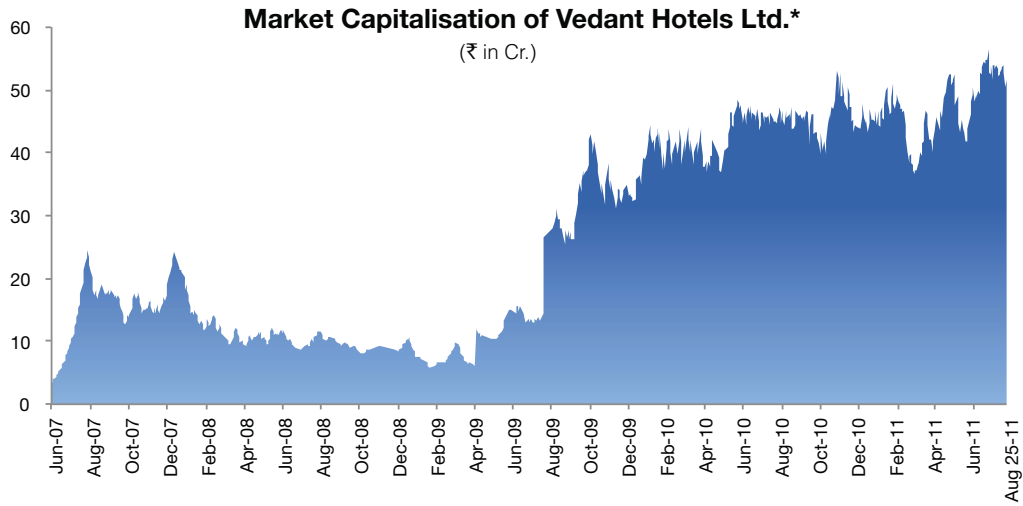
N. A. : Not Available/Applicable

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

From the year 2008-09 Consolidated figures are given

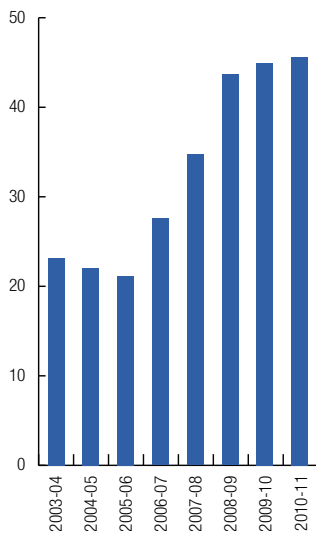
(₹ in Cr.)

Sr. No.	Particulars	2008-09		2009-10		2010-11	
		₹	%	₹	%	₹	%
1	Segment Revenue						
	a. Hospitality	1.61	25	4.10	76	6.70	60
	b. Engineering	0.58	9	1.02	19	4.34	39
	c. Securities Trading	3.63	57	0.16	3	-	-
	d. Others	0.55	9	0.08	1	0.15	1
	Total	6.37	100	5.36	100	11.19	100
2	Profit before Interest, Depreciation and Taxes (PBIDT)						
	a. Hospitality	(2.60)	(289)	0.47	157	2.14	80
	b. Engineering	(0.68)	(76)	(0.41)	(137)	0.38	14
	c. Securities Trading	3.63	404	0.16	53	-	-
	d. Others	0.55	61	0.08	27	0.15	6
	Total	0.90	100	0.30	100	2.67	100
3	Profit After Tax (PAT) after Minority Interest						
	a. Hospitality	(4.77)	(335)	(1.84)	(60)	(0.45)	(64)
	b. Engineering	(0.83)	(58)	(1.46)	(48)	(0.40)	(57)
	c. Securities Trading	3.63	255	0.16	5	-	-
	d. Others	0.55	39	0.08	3	0.15	21
	Total Profit/(Loss) after Tax	(1.42)	100	(3.06)	100	(0.70)	100
4	Equity Capital Employed						
	a. Hospitality	21.65	80	20.11	84	19.54	84
	b. Engineering	2.52	9	2.52	11	3.22	14
	c. Securities Trading	0.30	1	-	-	-	-
	d. Others	2.61	10	1.25	5	0.52	2
	Total Equity Capital Employed	27.08	100	23.88	100	23.28	100
5	Returns on Equity Capital Employed (%)						
	a. Hospitality	(22.05)	(2)	(9.15)	(15)	(2.30)	(16)
	b. Engineering	(32.90)	(3)	(57.97)	(95)	(12.42)	(87)
	c. Securities Trading	1,194.47	103	-	-	-	-
	d. Others	21.10	2	6.41	11	29.00	203
	Total Returns on Equity Capital Employed	(5.26)	100	(12.82)	100	(3.01)	100



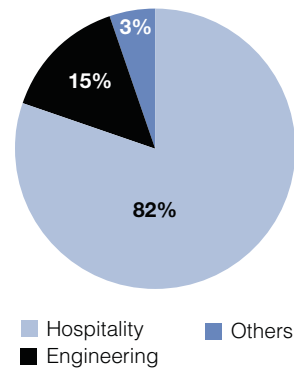
* Based on closing prices of its Equity Shares on Bombay Stock Exchange (BSE)

Total Assets (₹ in Cr.)

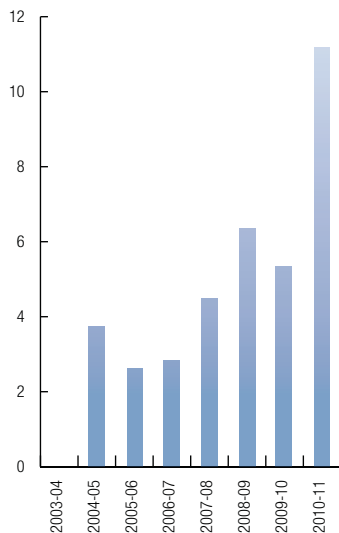


Break-up of Total Assets as at 31st March 2011

(₹ 45.64 Cr.)

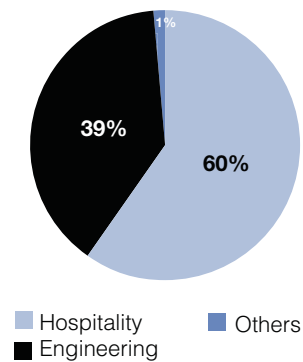


Total Income (₹ in Cr.)

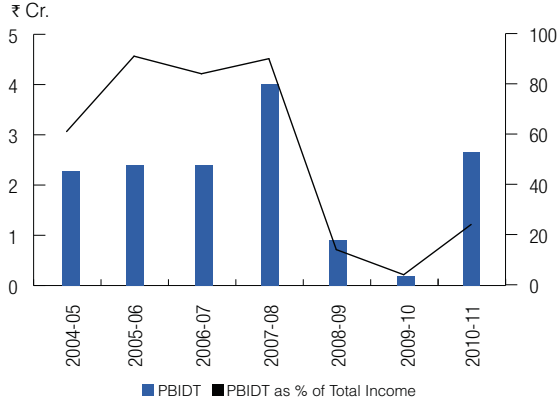


Break-up of Total Income for the Year 2010-11

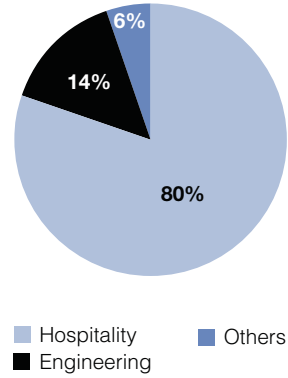
(₹ 11.19 Cr.)



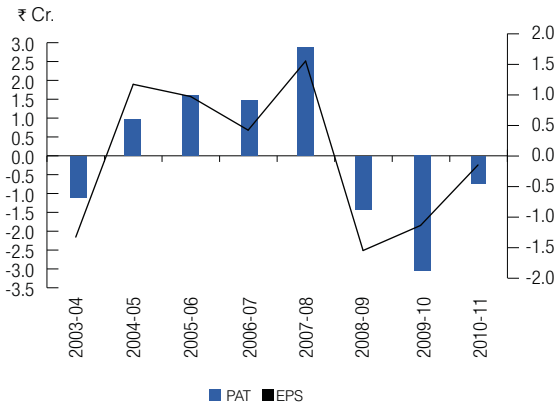
PBIDT as % of Total Income



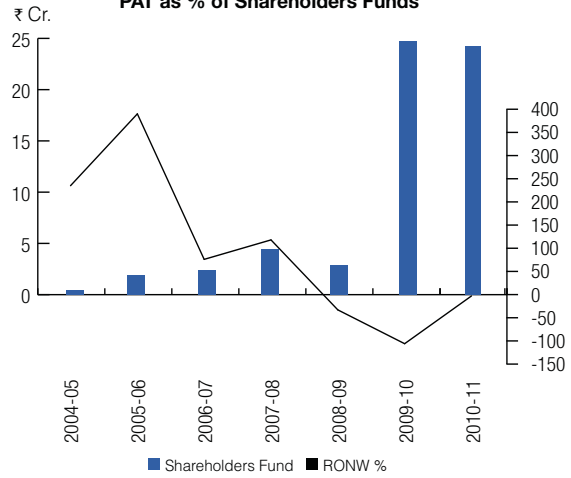
Break-up of Profit Before Interest Depreciation & Taxes (PBIDT) for the year 2010-11 (₹ 2.66 Cr.)



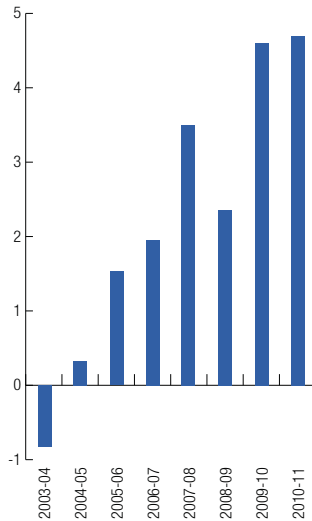
PAT & EPS



PAT as % of Shareholders Funds



Book Value (in ₹)



Directors' Report

To,
The Members,
VEDANT HOTELS LIMITED

The Board of Directors of your Company has pleasure in presenting the 25th Annual Report of the Company together with the Audited statements of accounts for the year ended on 31st March 2011.

1. Financial Results

(₹ in Cr.)

Particulars	2010-11	2009-10
Gross Income	6.82	4.13
Profit after Tax / (Loss) for the year	(0.53)	(2.38)
Proposed Dividend	Nil	Nil
Provision for Tax on Dividend	Nil	Nil
Balance carried to Balance Sheet	(0.53)	(2.38)

Operations

The improvement in performance continued during the year. The occupancy rate improved to about 65% compared to 52% in the last year. The Average Room Revenue (ARR) remained stagnant, but this constraint is faced by the entire hotel industry.

The Company was able to register satisfactory operating profit, but could not report net profit due to high interest and depreciation. However, the Loss has been contained to considerable extent.

Current Year Prospects

The fourth floor is expected to be operational from October 2011. Thus the Hotel will start working with full capacity and will be ready to capture the tourist season in the second half of 2011-12. As such the turnover is expected to improve further. However, due to stagnant ARR, margins are likely to remain under pressure.

Change of Name

Your Company is a subsidiary of Dhanada Holdings Private Ltd. and thus part of the Dhanada Group. The use of the word 'Dhanada' in the name of the Company would establish this relationship clearly and help this Company to benefit from the goodwill created by Dhanada Group companies and Dhanada brand name. The Directors believe that this will have many strategic advantages.

Further, the Company has stakes in diversified activities through its subsidiaries. To indicate these diversified nature of business, the promoter would like to use the word "Corporation" in its name in place of "Hotels".

In view of the above, the Board of Directors in its meeting held on 29th July 2011 resolved to change the name of the Company to Dhanada Corporation Limited. The Registrar of Companies, Pune has made the proposed name available to the Company.

Your approval for the same is now being sought in the ensuing Annual General Meeting.

Dividend

The Board does not recommend any dividend on the Equity Shares for the year ended on 31st March 2011.

Conservation of Energy and 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.

Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings : Nil
Foreign Exchange Outgo : Nil

Auditors

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

Subsidiaries

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

MEPL registered significant improvement in turnover and operating margin during the year, but could not register Net Profit due high depreciation and interest burden.

On 25th May 2011, Dhanada Securities Trading Private Limited, a Company engaged in the business of trading in securities, became a subsidiary of your Company. It has yet to start trading activity.

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.

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.

Directors

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

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 receiving remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as on date.

Auditor's Comments

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

Note 2 of Schedule No. 10

The management was advised that the allotment is required to be made before the execution of the Conveyance Deed. Accordingly, in good faith the Board allotted the necessary shares to Shri. Ramesh R. Havele and Dr. Laxman V. Kulkarni and prepared the deeds for registration. However, Dr. Laxman V. Kulkarni, expressed his desire for upward revision of the total consideration, as the prices of the Nande Land have gone up considerably since 01-04-2008 i.e. the appointed date and the market price of the equity shares of the Company have not appreciated in line with the same. Due to this the conveyance with Dr. Laxman V. Kulkarni is not yet done. The management is exploring ways and means to sort out the issue and hopes that the same will be resolved amicably.

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.

Corporate Governance and 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.

Directors' Responsibility Statement

The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had 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.

Acknowledgment

The Directors express their sincere thanks to Dhanada Holdings Private 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, 25th August 2011

Management Discussion and Analysis Report

1. Industry structure and developments

Hospitality is one of the fastest growing sectors in India and is expected to grow for a long time in future. It is one of the largest foreign exchange earners to the country. Especially budget hotels hold a huge growth potential.

However, the fortune of the hospitality industry is directly related to general economic growth. Currently, the Indian growth story appears to be intact, but the global clues are not very encouraging. The overall investment climate in India is uncertain and hotel industry is moving very cautiously about further investments.

In the financial year 2010-11 the hotel industry began on a weak note. There was a fall in foreign tourist in the first half of the year as a result of the global economic slowdown. However, towards the second half of the financial year 2010-11, the demand picked up. Rising tourist inflow and higher occupancy kept the hotel companies afloat after the slowdown.

The constraints being faced by the hotel industry in addition to the high cost and limited availability of land is the procurement of multiple clearances/approvals which are required from the Central and the State Government agencies for hotel projects. However, the Central and State Governments are aware of the potential of hospitality industry and are taking various measures for development and promotion of this industry.

On the whole, Hotel industry in India is set to grow at an excellent rate.

Diversification holds the key to survival in the long run. The Company also operates in engineering segment through its subsidiary. Engineering industry, especially automobile sector, after a global economic downturn has surged its way to reach to the top of the chart and is expected to rise further more in the coming years.

2. Opportunities and Threats

The hospitality market in India currently faces shortage of rooms. Thus in short run the demand is going to exceed the supply, in terms of number of rooms available. However, considering the current expansions under way, supply will match the growth in demand by 2013. Nevertheless, in long-term hotel industry in India has huge potential.

Yet, the global scenario is not very encouraging. Europe is reeling under economic crisis and US have not yet shown recovery. Possibility of a double-dip recession is looming large. Due to stagnant ARR, margins are likely to remain under pressure.

Lack of training, man power, political turbulence, and high tax structure makes the industry worse off.

3. Finance

The Company continued to face paucity of funds during the year 2010 – 11. As such refurbishing of the Hotel remained sluggish. However, the parent Company provided adequate funds so that the working of the hotel did not suffer.

4. Segment-wise or product-wise performance

The Company works in Hospitality segment. The subsidiaries work in Engineering and Securities Trading segment.

During the year under review, Vedant Hotels Ltd. managed to improve its performance in terms of occupancy. Hospitality segment is showing steady improvement.

Malkan Engineering Private Ltd., subsidiary of the Company, also registered progress in turnover and operating margins during 2010-11.

Dhanada Securities Trading Private Ltd., subsidiary of the Company has not carried out any activity during 2010 -11.

5. Outlook

Barring unforeseen difficulties, the Company and its subsidiaries now look forward to steady growth.

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 performance of the Company improved during the year. The occupancy rate improved to about 65% compared to 52% in the last year. However, the ARR remained stagnant.

The Company was able to earn reasonable operating profit. However, due to heavy interest and depreciation, the Company was unable to register net profit.

Malkan Engineering Private Ltd., subsidiary Company, registered 325% growth in turnover. The quarter-on-quarter operative performance registered improvement. However, due to heavy interest and depreciation, the margins are under pressure. The Company could not report net profit.

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 102 employees as on 25th August 2011.

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 stakeholders. 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 2010-2011, your Board met 4 (Four) times on following dates:

30th April 2010, 12th August 2010, 25th October 2010, 27th January 2011

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	4	Yes	2	Nil
2.	Mrs. Veena Havele	Non-Executive	4	Yes	2	2
3.	Shreeniwas Kale	Independent Director	4	No	2	2
4.	Gajanan Deshpande	Independent Director	4	No	Nil	2
5.	Ravindra Golwalkar	Independent Director	4	Yes	Nil	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.

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

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 2010 – 11, four 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.

30th April 2010, 12th August 2010, 25th October 2010, 27th January 2011

The attendance of the members is as follows:

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

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.

Since there is no remuneration to the Non-executive Directors, no meeting of the Remuneration Committee was held during the financial year 2010-2011.

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 the other members of the committee.

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

No Investor complaints were received during the year 2010 – 11. There are no share transfers pending as on 31st March 2011.

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 31st March 2011.

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

Further, on 25th May 2011, Dhanada Securities Trading Private Limited, a Company engaged in the business of trading in securities, became a subsidiary of your Company.

Shri. Shreeniwās Kale, Independent Director of the Company is on the Board of Dhanada Securities Trading Private Limited.

8. General Body Meetings

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

AGM/Year	Venue	Date	Time
2007-2008	Conference Hall, Vedant Hotel, Station Road, Aurangabad - 431005.	30 th 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 th September 2009	11.30 a.m
2009-2010	Banquet Hall, Solaris Club, 128/2, Mayur Colony, Off. Karve Road, Behind P. Jog School, Pune - 411029	30 th September 2010	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
30 th September 2008	Nil
30 th September 2009	A special resolution for Alteration of Articles of Association of the Company was passed during the year. The resolution was passed unanimously.
30 th September 2010	Nil

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 2010-2011 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 15 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 code of conduct for the year ended 31st March 2011 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 Company puts forth vital information about it on its website 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 2010-2011 were approved | 25 th August 2011 |
| (ii) | Date of Annual General Meeting | 30 th September 2011 |
| | Venue | Banquet Hall, Solaris Club,
128/2, Mayur Colony, Off Karve Road,
Behind P. Jog School, Pune – 411029 |
| | Time | 11 : 30 a.m. |

- (iii) Financial Calendar for 2011-12 (Tentative)
Financial Year: 1st April 2011 to 31st March 2012

1 st Quarterly Results	Second week of August 2011
2 nd Quarterly Results	Second week of November 2011
3 rd Quarterly Results	Second week of February 2012
4 th Quarterly Results	Second week of May 2012
Annual results for the year Ending 31 st March 2012	Second week of August 2012

- (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 27th September 2011 to 30th September 2011 (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 30th June 2011, 24.83% (1,21,85,656 shares) are held in demat form.

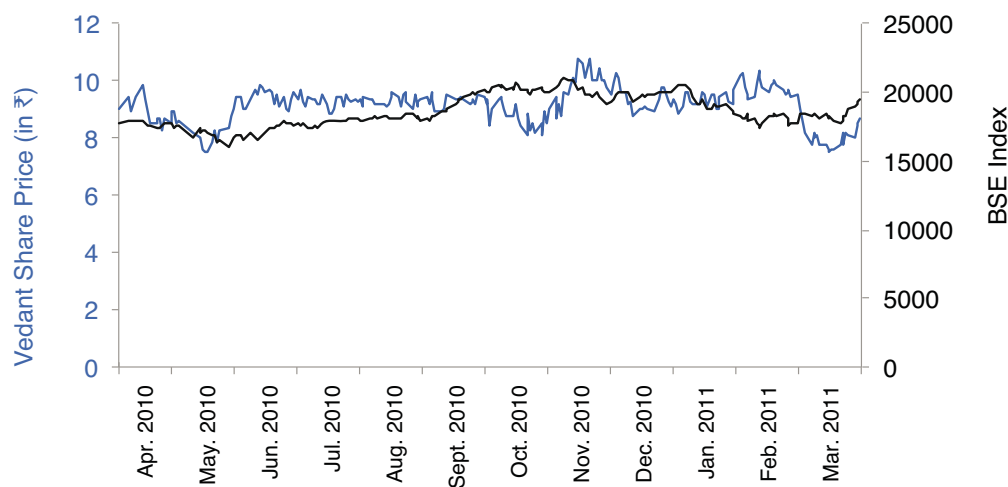
It may be noted that Dhanada Holdings Private Limited owns 58.33% of the Company's Equity Shares and out of the same 57.06% (2,80,10,856) are held in physical form. If these shares were to be excluded from the total number of shares then dematerialized share accounted to 57.82%.

(viii) Market Price data

The monthly high / low prices of share of the Company on BSE from 1st April 2010 to 31st March 2011 are given below:

Sr. No.	Month	High (₹)	Low (₹)	Volume of Shares
1	April 2010	9.88	8.09	14827
2	May 2010	9.47	7.50	23852
3	June 2010	9.99	8.56	41398
4	July 2010	9.90	8.66	30903
5	August 2010	9.95	8.76	61828
6	September 2010	9.93	8.40	65808
7	October 2010	10.00	7.31	77698
8	November 2010	12.93	8.65	81399
9	December 2010	10.56	8.50	48170
10	January 2011	10.16	8.90	32761
11	February 2011	10.66	8.93	28953
12	March 2011	9.05	7.40	47320

The Chart below gives the movement of the closing price of the Company's share against the BSE Sensex for the period 1st April 2010 to 31st March 2011.



(ix) Share transfer system

The Company has appointed M/s. LINK INTIME INDIA PRIVATE LIMITED as Registrar & Transfer Agents for both physical and demat mode. Applications for transfer of shares in physical form are processed and registered within 30 days from the date of receipt, if the applications are in order.

(x) Share holding pattern as on 31st March 2011

Distribution of share holding as on 31st March 2011

No. of Equity Shares	No. of Members	% to Total Members	No. of Shares	% to Total Shares
Upto 5000	4138	95.50	2212489	4.51
5001-10000	64	1.48	465174	0.95
10001 & above	131	3.02	46403918	94.54
Total	4333	100.00	49081581	100.00

(xi) Categories of shareholders as on 31st March 2011

Category	No. of shares Held	Percentage of Shareholding
<u>Promoter's Holding</u>		
Indian Promoter	36214416	73.78
<u>Non-promoter's Holding</u>		
Mutual Funds and UTI	127500	0.26
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non- govt. Institutions)	-	-
Other Corporate Bodies	141229	0.29
Indian Public	12336634	25.14
NRIs / OCBs	250959	0.51
Any Other	10843	0.02
Total	49081581	100.00

(xii) Location of Plant (Hotel):
Hotel VITS, Aurangabad
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, Bhandup (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.

All the Board members and senior management personnel have affirmed their compliance with the said Code of Conduct for the year ended 31st March 2011.

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 31st March 2011, 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 31st March 2011, 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 & Associates
Chartered Accountants
(Registration No. 104025W)

Pune, 25th August 2011

T. R. Jalnawala
Proprietor
M. No. 037084

To the members of VEDANT HOTELS LTD.

1. We have audited the attached Balance Sheet of VEDANT HOTELS LTD. ("the Company") as at 31st March 2011 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.
2. 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.
3. Without qualifying our report, we draw your attention to Note 2 of Schedule No. 10. As per Clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay on 16th July 2009, the Company has acquired land from Mr. R. R. Havele, Chairman and Managing Director of the Company and Dr. Laxman V. Kulkarni. The Company has allotted equity shares as a consideration for land so acquired on 30th April 2010. The Scheme provides for allotment of shares against the aforesaid purchase after the conveyance deeds are executed and registered. However, the management has issued 1796254 Equity Shares to Dr. Laxman V. Kulkarni without executing and registering the conveyance deed. The outcome of the said event is uncertain and we are unable comment upon it.
4. 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.
5. Further to our comments in paragraph 3 and in the Annexure referred to in paragraph 4 above, we report that:
 - a) 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;
 - b) 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;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) 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.
6. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - b) In the case of the Profit and Loss Account, of the 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. Jainawala & Associates
Chartered Accountants
(Registration No. 104025W)

T. R. Jainawala
Proprietor
M. No. 037084

Pune, 25th August 2011

Annexure to the Auditor's Report

With reference to paragraph 4 of our report to the members 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

- The Company has generally maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- 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.
- 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.
- 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

- As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
- 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.
- 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

- The Company has granted loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956. The details 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 (₹)
Malkan Engineering Pvt. Ltd.	12,121,100	-

- The Company has taken interest free unsecured loans from the parties covered in the register maintained u/s 301 of the Companies Act, 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 Holdings Pvt. Ltd.	4,23,58,410.00	3,57,08,716.00

- 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

- 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.
- 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 exigencies.

vi. Deposits from public

The Company has not accepted deposits from public during the year and hence the question of complying with the provisions of section 58A & 58AA of the Companies 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 for Financial Year 2010-11.

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, Luxury Tax and other material statutory dues except as detailed below:-

Particulars where arrears are above Six Months at Balance Sheet Date or anytime during the period under audit:-

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the dues relate	Due Date	Date of Payment
MVAT Act, 2002	VAT	5,45,887	2009-10	21/10/2009	-
MVAT Act, 2002	VAT	12,70,560	2009-10	21/04/2010	-
MVAT Act, 2002	VAT	6,53,070	2010-11	21/07/2010	-
MVAT Act, 2002	VAT	8,68,857	2010-11	21/10/2010	-
MVAT Act, 2002	VAT	9,79,011	2010-11	21/01/2011	-
Income Tax Act, 1961	TDS	32,765	2010-11	07/05/2010	28/02/2011
Income Tax Act, 1961	TDS	90,578	2010-11	07/06/2010	28/02/2011
Income Tax Act, 1961	TDS	47,532	2010-11	07/07/2010	28/02/2011
Income Tax Act, 1961	TDS	24,565	2010-11	07/08/2010	28/02/2011
Income Tax Act, 1961	TDS	29,939	2010-11	07/09/2010	28/02/2011
Income Tax Act, 1961	TDS	21,665	2010-11	07/10/2010	28/02/2011
Income Tax Act, 1961	TDS	77,478	2010-11	07/11/2010	28/02/2011
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	204,713	2009-10	30/04/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	164,464	2010-11	31/05/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	169,011	2010-11	30/06/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	208,721	2010-11	31/07/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	213,322	2010-11	31/08/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	246,612	2010-11	30/09/2010	-
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	82,088	2009-10	31/05/2009	29/04/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	110,514	2009-10	30/06/2009	29/04/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	129,093	2009-10	31/07/2009	29/04/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	119,388	2009-10	31/08/2009	03/05/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	140,816	2009-10	30/09/2009	03/05/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	121,540	2009-10	31/10/2009	03/05/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	140,120	2009-10	30/11/2009	25/05/2010
The Maharashtra Tax on Luxuries Act, 1987	Luxury Tax	200,012	2009-10	31/12/2009	25/05/2010

- 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. 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 and 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 and 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.

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 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, during the year.

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 and 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.

Pune, 25th August 2011

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

T. R. Jalnawala
Proprietor
M. No. 037084

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUND			
(1) Shareholders' Funds			
(a) Share Capital	1	4,90,81,581.00	4,43,84,448.00
(b) Reserves and Surplus	2	20,52,66,521.00	20,99,63,654.00
		25,43,48,102.00	25,43,48,102.00
(2) Loans Funds			
(a) Secured Loans	3	11,00,72,119.53	11,10,24,176.86
(b) Unsecured Loans	4	3,78,12,904.02	2,74,14,898.02
		14,78,85,023.55	13,84,39,074.88
TOTAL		40,22,33,125.55	39,27,87,176.88
APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	43,04,96,594.95	41,48,65,511.59
(b) Less : Depreciation		7,87,41,287.82	6,61,30,616.56
(c) Net Block		35,17,55,307.13	34,87,34,895.03
(d) Capital Work-in-Progress		66,85,530.77	71,86,837.62
		35,84,40,837.90	35,59,21,732.65
(2) Investments	6	3,22,27,202.30	2,52,16,140.00
(3) Current Assets, Loans & Advances	7		
(a) Inventories		6,71,685.18	6,52,682.75
(b) Sundry Debtors		60,72,990.62	41,46,824.49
(c) Cash & Bank Balances		4,61,393.44	10,04,911.88
(d) Loans & Advances		2,06,25,309.98	2,33,05,553.48
		2,78,31,379.22	2,91,09,972.60
Less : Current Liabilities & Provisions	8		
(a) Current Liabilities		2,80,75,305.44	2,39,63,693.95
(b) Provisions		6,22,430.00	7,24,388.00
		2,86,97,735.44	2,46,88,081.95
Net Current Assets		(8,66,356.22)	44,21,890.65
(4) Miscellaneous Expenditure	9	1,24,31,441.57	72,27,413.58
TOTAL		40,22,33,125.55	39,27,87,176.88
Notes Forming Part of Accounts	10		

Subject to our Report of even date Annexed

For T. R. Jainawala & Associates
Chartered Accountants
(Registration No. 104025W)

T. R. Jainawala
Proprietor
M.No. 037084

Pune, 25th August 2011

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

Profit And Loss Account for the Year Ended 31st March 2011

	Schedule	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
INCOME			
(a) Room, Restaurants, Banquets and Other Services	A	6,70,32,751.27	4,09,58,169.74
(b) Other Income	B	11,41,717.66	3,51,223.86
	TOTAL	6,81,74,468.93	4,13,09,393.60
EXPENDITURE			
(a) Food & Beverage Consumed	C	1,10,23,733.30	73,53,465.85
(b) Operating, Administration and Selling Expenses	D	2,51,99,492.47	2,02,20,018.30
(c) Salaries & Wages / Staff Expenses	E	95,00,566.90	86,57,869.00
(d) Financial Expenses	F	1,51,05,850.18	1,56,70,863.12
	TOTAL	6,08,29,642.85	5,19,02,216.27
Profit/(Loss) before Depreciation & Taxes		73,44,826.08	(1,05,92,822.67)
Less : Depreciation		1,26,47,736.59	1,18,37,348.07
Less : Prior Period Items		(49,746.97)	14,04,700.23
Profit/(Loss) before Tax		(52,53,163.54)	(2,38,34,870.97)
Provision for Tax		-	-
Profit/(Loss) after Tax		(52,53,163.54)	(2,38,34,870.97)
Balance brought Forward		(67,54,637.78)	1,70,80,233.19
Balance Carried to Balance Sheet		(1,20,07,801.32)	(67,54,637.78)
Earnings Per Share (Note 16)		(0.11)	(0.67)
Notes Forming Part of Accounts	10		

Subject to our Report of even date Annexed

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

T. R. Jalnawala
Proprietor
M.No. 037084

Pune, 25th August 2011

For and on behalf of the Board

Ramesh R. Havele
Managing Director

Shreeniwass G. Kale
Director

Ravindra S. Golwalkar
Director

Mrs. Veena R. Havele
Director

Gajanan M. Deshpande
Director

Mrs. Sanjana Joshi
Company Secretary

Particulars	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
(A) CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax and Extra-ordinary items	(52,53,163.54)	(2,38,34,870.97)
Adjustments for:		
Depreciation	1,26,47,736.59	1,18,37,348.07
Interest Expenses	1,51,05,850.18	1,56,70,863.12
Interest Received	(5,64,518.92)	(3,15,000.95)
Dividend Received	(17,030.00)	(35,075.00)
Operating profit before Working Capital changes	2,19,18,874.31	33,23,264.27
Adjustments for:		
Decrease/(Increase) in Trade & Other Receivables	(19,26,166.13)	(34,01,079.21)
Decrease/(Increase) in Inventories	(19,002.43)	(1,13,061.07)
Loans & Advances	26,80,243.50	1,54,41,224.97
Increase/(Decrease) in Trade & Other Payables	40,09,653.49	85,31,206.64
Cash generated from operations	2,66,63,602.74	2,37,81,555.60
Taxes Paid	-	-
Cash flow before extra-ordinary items	2,66,63,602.74	2,37,81,555.60
Exceptional Items	(25,433.22)	-
(Profit)/Loss on Sale/Damage of Fixed Assets (Net)	58,984.89	-
Misc. Expenses Writtren off	49,135.55	(3,56,597.04)
Net Cash Flow from Operating Activity	2,67,46,289.96	2,34,24,958.56
(B) CASH FLOW FROM INVESTING ACTIVITY		
(Purchase) of Fixed Assets	(1,52,47,009.51)	(3,56,59,383.58)
Sale/Damage of Fixed Assets	46,616.00	-
(Purchase) of Investments	(70,11,062.30)	-
Sale of Investments	-	30,39,016.80
Interest Received	5,64,518.92	3,15,000.95
Dividend Received	17,030.00	35,075.00
Net Cash Flow from Investing Activity	(2,16,29,906.89)	(3,22,70,290.83)
(C) CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from/(Repayment of) Borrowings (Net)	94,45,948.67	2,09,88,219.91
Interest and Finance charges paid	(1,51,05,850.18)	(1,56,70,863.12)
Net Cash Flow from Financing Activity	(56,59,901.51)	53,17,356.79
(D) Net increase in Cash and Cash Equivalent		
(Refer to Cash & Bank Balance - Schedule No. 7)		
Cash and Cash Equivalent as on 01-04-2010	10,04,911.88	45,32,887.36
Cash and Cash Equivalent as on 31-03-2011	4,61,393.44	10,04,911.88

Subject to our Report of even date Annexed

For T. R. Jainawala & Associates
Chartered Accountants
(Registration No. 104025W)

T. R. Jainawala
Proprietor
M. No. 037084

Pune, 25th August 2011

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
108,000,000 (58,000,000) Equity Shares of ₹ 1/- each	10,80,00,000.00	5,80,00,000.00
50,000,000 (100,000,000) 8% Cumulative Convertible Preference Shares of ₹ 1/- each	5,00,00,000.00	10,00,00,000.00
Total	15,80,00,000.00	15,80,00,000.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
490,81,581 (44,384,448) Equity Shares of ₹ 1/- each	4,90,81,581.00	4,43,84,448.00
Total	4,90,81,581.00	4,43,84,448.00
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium	19,66,32,524.02	16,87,31,554.00
Revenue Reserves	26,34,000.00	26,34,000.00
Special Capital Incentives	25,00,000.00	25,00,000.00
Shares Amalgamation A/c	34,99,996.98	3,60,98,100.00
Total	20,52,66,521.00	20,99,63,654.00
SCHEDULE 3 : SECURED LOANS		
Saraswat Co-op. Bank Ltd. Term Loan - I (Secured by Mortgage/Hypothication of property)	4,33,16,874.30	4,81,76,888.30
Saraswat Co-op. Bank Ltd. Term Loan - II (Secured by Mortgage/Hypothication of property)	5,34,81,593.00	5,83,09,226.00
HDFC Bank Ltd. (Over Draft against F. D.)	1,14,84,856.37	16,84,044.59
HDFC Bank Ltd. (Vehile Loan)	2,86,178.91	3,97,597.77
Axis Bank - Expenses A/c. (Overdraft against F. D.)	15,02,616.95	24,56,420.20
Total	11,00,72,119.53	11,10,24,176.86
SCHEDULE 4 : UNSECURED LOAN		
Dhanada Holdings Pvt. Ltd., (Loan A/c)	3,57,08,716.00	2,53,10,710.00
Sales Tax Defferment	21,04,188.02	21,04,188.02
Total	3,78,12,904.02	2,74,14,898.02

Schedules Forming Part of the Balance Sheet

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

(in ₹)

Description of Assets	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK As at 31.03.2011
		As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Up to 31.03.2010	Deletion during the year	During the year	Total up to 31.03.2011	
Land	-	4,32,32,424.00	18,22,593.00	-	4,50,55,017.00	-	-	-	-	4,50,55,017.00
		(4,32,32,424.00)	-	-	(4,32,32,424.00)	-	-	-	-	(4,32,32,424.00)
Building	1.63%	22,26,53,225.01	74,43,160.26	-	23,00,96,385.27	2,80,41,969.79	36,73,481.78	3,17,15,451.57	(2,80,41,969.79)	19,83,80,933.70
		(20,64,77,283.26)	(1,61,75,941.75)	-	(22,26,53,225.01)	(2,45,24,120.36)	(35,17,849.43)	(2,80,41,969.79)	(19,46,11,255.22)	
Plant & Machinery	4.75%	7,81,91,061.94	3,62,119.75	10,79,747.00	7,74,73,434.69	3,15,67,935.94	36,67,880.41	3,52,10,383.13	3,15,67,935.94)	4,22,63,051.56
		(7,37,54,173.44)	(51,79,439.13)	-	(7,89,33,612.57)	(2,79,84,420.83)	(35,83,515.11)	(3,15,67,935.94)	(4,73,65,676.63)	
Plant & Machinery (Electrical Items)	7.07%	2,91,22,614.92	4,32,999.85	48,000.00	2,95,07,614.77	26,86,065.12	5,076.45	47,45,206.94	(26,86,065.12)	2,47,62,407.83
		(2,61,36,490.92)	(22,43,573.37)	-	(2,83,80,064.29)	(7,43,332.72)	-	(19,42,732.40)	(2,61,36,490.92)	(2,56,93,999.17)
Furniture & Fixtures	6.33%	3,84,86,392.84	67,21,739.50	69,233.00	4,51,38,899.34	30,98,876.90	6,555.66	58,17,396.67	(30,98,876.90)	3,93,21,502.67
		(3,36,06,487.13)	(48,79,905.71)	-	(3,84,86,392.84)	(8,19,461.88)	-	(22,79,415.02)	(3,36,06,487.13)	(3,53,87,515.94)
Computer	16.21%	31,79,792.88	45,451.00	-	32,25,243.88	7,35,768.81	-	12,52,849.51	(7,35,768.81)	19,72,394.37
		(31,86,106.88)	(6,314.00)	-	(31,79,792.88)	(2,21,932.70)	-	(5,13,836.11)	(24,44,024.07)	
Sub Total		41,48,65,511.59	1,68,28,063.36	11,96,980.00	43,04,96,594.95	6,61,30,616.56	37,065.33	7,87,41,287.82	(6,61,30,616.56)	35,17,55,307.13
		(38,63,92,965.63)	(2,84,72,545.96)	-	(41,48,65,511.59)	(5,42,93,268.49)	-	(1,18,37,348.07)	(34,87,34,895.03)	
Work In Progress (W.I.P.)	-	71,86,837.62	24,69,395.58	29,70,702.43	66,85,530.77	-	-	-	-	66,85,530.77
		-	(71,86,837.62)	-	(71,86,837.62)	-	-	-	-	(71,86,837.62)
Grand Total		42,20,52,349.21	1,92,97,458.94	41,67,682.43	43,71,82,125.72	6,61,30,616.56	37,065.33	7,87,41,287.82	(6,61,30,616.56)	35,84,40,837.90
		(38,63,92,965.63)	(3,56,59,383.58)	-	(42,20,52,349.21)	(5,42,93,268.49)	-	(1,18,37,348.07)	(35,59,21,732.65)	

Previous Year figures are reported in bracket

Schedules Forming Part of the Balance Sheet

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE 6: INVESTMENTS		
Quoted Investment:	-	-
Unquoted Investment:		
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. (741318 Equity Shares at cost)	3,21,97,202.30	2,51,86,140.00
National Saving Certificate (Certificate No. 6 NS / 50DD 683325)	5,000.00	5,000.00
Total	3,22,27,202.30	2,52,16,140.00
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES		
Inventories <i>(As taken Valued & Certified by Management)</i>	6,71,685.18	6,52,682.75
Receivables	60,72,990.62	41,46,824.49
CASH & BANK BALANCES		
Cash in Hand	1,52,204.41	3,37,227.58
Bank Balance - On Current Account	3,09,189.03	6,67,684.30
Sub Total	4,61,393.44	10,04,911.88
LOANS, ADVANCES & DEPOSITS		
Loans & Advances	1,53,87,859.26	1,85,15,297.57
Deposits	52,37,450.72	47,90,255.91
Sub Total	2,06,25,309.98	2,33,05,553.48
Total	2,78,31,379.22	2,91,09,972.60
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS		
<u>Current Liabilities</u>		
Sundry Creditors	1,53,84,675.08	1,65,31,419.15
Other Payables	1,26,90,630.36	74,32,274.80
Sub Total	2,80,75,305.44	2,39,63,693.95
Provisions	6,22,430.00	7,24,388.00
Total	2,86,97,735.44	2,46,88,081.95
SCHEDULE 9: MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	69,707.25	92,943.00
Deferred Revenue Expenese	3,53,933.00	3,79,832.80
Profit & Loss Account - Debit Balance	1,20,07,801.32	67,54,637.78
Total	1,24,31,441.57	72,27,413.58

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
SCHEDULE A: ROOMS, RESTAURANTS, BANQUETS AND OTHER SERVICES		
Foods & Beverage Sale	2,65,17,158.20	1,63,00,547.94
Liquor Sale	20,48,014.63	16,47,484.10
Room Revenue	3,42,20,264.78	2,07,06,641.50
Banquet Sale	19,84,534.42	11,03,680.58
Sub Total	6,47,69,972.03	3,97,58,354.12
Other Miscellaneous Income	22,62,779.24	11,99,815.62
Total	6,70,32,751.27	4,09,58,169.74
SCHEDULE B: OTHER INCOME		
Interest Income	5,64,518.92	3,15,000.95
Dividend Income	17,030.00	35,075.00
Creditors Written Back	5,59,448.93	-
Other Miscellaneous Income	719.81	1,147.91
Total	11,41,717.66	3,51,223.86
SCHEDULE C: FOODS & BEVERAGE CONSUMED		
Opening Stock	6,52,682.75	5,39,621.68
Add: Purchases	1,10,42,735.73	74,66,526.92
Less: Closing Stock	6,71,685.18	6,52,682.75
	1,10,23,733.30	73,53,465.85
SCHEDULE D: OPERATING, ADMINISTRATION AND GENERAL EXPENSES		
Operating Expenses		
Direct Expenses	23,08,290.15	17,99,924.75
Housekeeping	1,33,454.84	1,23,477.69
Linen and Laundry	6,13,866.00	4,07,751.00
Power and Fuel	1,11,50,802.00	97,62,375.50
Repairs to Building	5,03,650.40	2,94,182.58
Repairs to Machinery & Others	6,65,430.31	3,71,234.86
Sales Promotion	2,15,159.00	2,09,449.00
Security & Labour Hire	11,08,536.96	9,32,106.29
Sub Total	1,66,99,189.66	1,39,00,501.67

Schedules Forming Part of the Profit and Loss Account

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
Administration and General Expenses		
Administration Expenses	8,25,731.57	3,94,052.71
Advertisement and Publicity	84,303.00	2,11,953.00
Auditors Remuneration	1,20,000.00	80,000.00
Debtors Written Off	1,81,303.73	2,46,952.15
Bank Commission & Charges	2,94,442.70	1,78,278.09
Directors Sitting Fees	1,60,000.00	2,00,000.00
Insurance	3,13,228.00	2,73,054.00
Interest on Tax Payments	1,29,953.00	51,829.00
Licence Fees	2,10,236.88	2,02,994.56
Miscellaneous Expenses	-	39,517.75
Printing and Stationery	4,72,669.00	9,23,936.29
Professional Fees	48,50,549.54	27,50,996.31
Rates and Taxes	4,03,939.00	3,57,495.77
Communication Expenses	3,03,431.50	3,05,465.00
Travelling and Lodging	91,530.00	1,02,992.00
Loss on Sale/Damage of Assets	58,984.89	-
Sub Total	85,00,302.81	63,19,516.63
Total	2,51,99,492.47	2,02,20,018.30
SCHEDULE E: STAFF EXPENSES		
Salary, Wages, Bonus etc.	68,41,429.00	65,26,313.00
Company's Contribution to Retirement Funds & Other Funds	7,99,983.00	5,18,520.00
Gratuity and Leave Encashment	2,79,000.00	4,79,440.00
Reimbursement of Salary Personnel Deputed to the Company	9,92,472.00	8,54,772.00
Staff Welfare & Others	5,87,682.90	2,78,824.00
Total	95,00,566.90	86,57,869.00
SCHEDULE F: FINANCIAL EXPENSES		
Interest on Term Loan	1,48,91,353.00	1,54,27,167.00
Interest on Bank Over Draft	1,65,516.04	1,82,785.52
Interest on Vehicle Loan	48,981.14	60,910.60
Total	1,51,05,850.18	1,56,70,863.12

Schedule 10 :

Notes forming part of the Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended 31st March 2011:

1. During the year, the Company has re-classified 5,00,00,000 un-issued 8 % Cumulative Convertible Preference Shares of ₹ 1/- each in the Authorised Share Capital of the Company into 5,00,00,000 Equity Shares of ₹ 1/- each.
2. As per Clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay on 16th July 2009, the Company has acquired land from Mr. R. R. Havele, Chairman and Managing Director of the Company and Dr. Laxman V. Kulkarni. The Company has allotted equity shares as a consideration for land so acquired on 30th April 2010. However, registration of sale deed of land in case of Dr. Laxman V. Kulkarni is pending till the date of audit.
3. The Ministry of Corporate Affairs vide its notification dated 8th February 2011 has granted exemption from disclosing information in Annual Accounts mentioned under paragraphs 3(i)(a) and 3(ii)(d) of Part II of Schedule VI of the Companies Act, 1956. The Board of Directors of the Company has given consent for such non-disclosure.

4. Managerial Remuneration:

No managerial remuneration is paid or payable for the current year.

5. Auditor's Remuneration:

Sr. No.	Particulars	2010-11 ₹	2009-10 ₹
1.	Audit Fees	40,000.00	30,000.00
2.	Tax Audit Fees	35,000.00	25,000.00
3.	VAT Audit Fees	45,000.00	25,000.00
Sub Total		1,20,000.00	80,000.00
4.	Service Tax	12,360.00	8,240.00
Total		1,32,360.00	88,240.00

6. Expenditure in foreign currency NIL
7. Earning in Foreign Exchange NIL
8. Depreciation has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956, during the year.
9. As there is no taxable income or book profit; provision for Income Tax is not made.
10. The outstanding balances of sundry creditors, sundry debtors, and advances (taken or given) are subject to reconciliation and consequent adjustment if any.
11. As per explanations given by the management, there are no dues to accounts relating small and micro enterprises.
12. Employee Benefits: (As per AS-15 Revised)
 - a. An amount of ₹ 1,95,328/- is recognized as an expense in the Profit and Loss account in respect of gratuity payable on the basis of actuarial valuation.
 - b. Employees are eligible for Leave Encashment. The Company has provided Leave Encashment benefit on actuarial value basis.
 - c. 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.
13. 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 Accounting Standard 17 on Segment Reporting issued by ICAI.

14. 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.
15. 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	Payment/ Receipt during the year	Balance Outstanding 31.03.2011
Holding Company						
1	Dhanada Holdings Pvt. Ltd.	Unsecured Loan Taken	2,53,10,710 Cr.	3,65,78,306 Cr.	2,61,80,300	3,57,08,716 Cr.
2	Dhanada Holdings Pvt. Ltd.	Rent Payable	-	2,70,000 Cr.	-	2,70,000 Cr.
Subsidiary Company						
3	Malkan Engineering Pvt. Ltd.	Unsecured Loan Given	-	1,21,21,100 Dr.	1,21,21,100	-
4	Malkan Engineering Pvt. Ltd.)	Interest Receivable	-	2,00,997 Dr.	-	2,00,997 Dr.

With Key Management Personnel:

The Company has issued 2900879 equity shares having face value of ₹ 1 each at a premium of ₹ 5.94 each to Shri Ramesh R. Havele, Chairman and Managing Director of the Company as per clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay, vide their order dated 16th July 2009.

16. Earnings Per Share (EPS): (As Per AS 20)

Earnings Per Share is calculated as under:

Particulars	2010-11 ₹	2009-10 ₹
Profit/(Loss) before Tax and Extraordinary Items	(5,202,910.51)	(22,430,170.74)
Less : Prior Period Items and Extraordinary Items	(49,746.97)	1,404,700.23
Profit/(Loss) before Taxes	(5,253,163.54)	(23,834,870.97)
Provision for Taxes	-	-
Profit/(Loss) after Tax and Extraordinary Items	(5,253,163.54)	(23,834,870.97)
Weighted Average Number of Equity Shares	48,690,153	3,56,15,977
Basic and Earnings Per Share	(0.11)	(0.67)

17. 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 and there are no impairment of assets in the current year.

18. Events occurring after Balance Sheet Date:

No significant events, which could affect the financial position as on 31st March 2011, have been reported by the Company after the balance sheet date till signing of the report.

19. Provisions, Contingent Liabilities and Contingent Asset:

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

20. Previous year's figures are regrouped, reworked and rearranged wherever necessary.
21. The following items are of prior period expenses and / or (income) which are debited/ credited to Profit and Loss Account of the Company:

Sr No.	Particulars	Amount	Year
1	Website Maintenance Charges	1,706.00	2009-10
2	Wine Purchase	3,374.00	2008-09
3	Property Tax arrears	3,208.00	2009-10
4	P. F. Payment	11,872.00	2009-10
5	Registrar & Transfer Agent Charges	3,411.25	2008-09
6	Registrar & Transfer Agent Charges	11,030.00	2008-09
7	Taxes for Girija Property	65,560.00	1995-96 onwards
8	Dairy Products Purchase	78.00	2009-10
9	Professional Tax	300.00	2009-10
10	Sales Tax (VAT Audit Dues)	15,537.00	2009-10
11	Service Tax not allowable for Set off	144,616.00	2008-09
12	Leave Encashment (Income)	(285,006.00)	2009-10
13	Depreciation (Income)	(25,433.22)	2009-10

22. Deferred Revenue Expenditure/ Miscellaneous Expenditure (Assets):

The Company has deferred expenses relating to the amalgamation between the Company, Maharashtra Hospitality Ltd. and Vedant Lapidary Pvt. Ltd. The Company has decided to write off 1/5th of the said expenses every year to Profit and Loss Account.

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements:
 - a. The Company follows Mercantile System of Accounting and generally recognizes Income and Expenditure on accrual basis except in case of significant uncertainties.
 - b. The Financial Statements are prepared on historical cost convention in accordance with the applicable Accounting Standards and the provision of the Companies Act, 1956.
 - c. 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.
2. Revenue Recognition:

Revenue from Hotel activity is recognized on rendering of services and billing to the customer.
3. 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.
4. 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.
5. 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.

6. Retirements 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 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 12 (a) above)

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 (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.

iii. Leave Encashment:

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

iv. 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 scheme becomes due.

7. 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.

8. Research and Development:

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

9. 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.

10. 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 & Associates
Chartered Accountants
(Firm Registration No.104025W)

T. R. Jalnawala
Proprietor
M. No. 037084

Pune, 25th August 2011

For and on behalf of the Board

Ramesh R. Havele
Managing Director

Shreeniwass G. Kale
Director

Ravindra R. Golwalkar
Director

Mrs. Veena R. Havele
Director

Gajanan M. Deshpande
Director

Mrs. Sanjana Joshi
Company Secretary

Vedant Hotels Limited Annual Report 2011

36

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.	:	133909	State Code	:	11
Balance Sheet Date	:	31st March 2011			
II. Capital Raised During the Year (Amount in Thousands)					
Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	46,97.13
III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)					
Total Liabilities	:	4,02,233.13	Total Assets	:	4,02,233.13
Sources Of Funds:					
Paid-up Capital	:	49,081.58	Reserves and Surplus	:	2,05,266.52
Secured Loan	:	1,10,072.12	Unsecured Loan	:	37,812.90
Application of Funds:					
Net Fixed Assets	:	3,58,440.84	Investments	:	32,227.20
Net Current Assets	:	(866.36)	Misc. Expenditure	:	12,431.44
IV. Performance of Company (Amount in Thousands)					
Turnover	:	68,174.47	Total Expenditure	:	60,829.64
Profit/(Loss) Before Tax	:	(5,253.16)	Profit/(Loss) After Tax	:	(5,253.16)
Earnings Per Share (in ₹)	:	-0.11	Dividend Rate	:	Nil
V. Generic Names of Three Principal Products/Services of the Company (As per monetary terms)					
Item Code No.	:	Not Applicable			
(ITC Code)					
Product Description	:	Hotel			

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	10th February 2009
3.	Financial Year of the subsidiary	31st March 2011
4.	Shares of the subsidiary held by the Company on the above date	
	i) Number of Shares	741318 Equity Shares of ₹ 10/- each.
	ii) Extent of holding	61.49%
5.	Net aggregate Profit or (Loss) for the current year (in ₹)	(₹ 34,48,285.17)
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	(₹ 21,20,350.55)
	b) for the previous financial years of the subsidiary since it became its subsidiary	(₹ 67,17,101.17)
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 2010-11



**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

Directors' Report	42
Auditors' Report	44
Balance Sheet	46
Profit & Loss Account	47
Cash Flow Statement	48
Schedules to the Accounts	49
Notes to the Accounts	54
Balance Sheet Abstract	56

To,
The Members,
MALKAN ENGINEERING PRIVATE LIMITED

The Directors of your Company present the 14th Annual Report of the Company together with the Audited statements of accounts for the year ended on 31st March 2011.

Financial Results

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

(₹ In Cr.)

Particulars	2010 – 2011	2009 – 2010
Sales	4.34	1.02
Other Income	0.06	0.20
Profit/(Loss) before Tax	(1.05)	(1.39)
Provision for Current / (Deferred Tax Income)	(0.70)	(0.14)
Profit/(Loss) after Tax	(0.34)	(1.25)
Proposed Dividend	Nil	NIL
Balance carried to Balance Sheet	(0.34)	(1.25)

Operations

As expressed last year, the benefits of expansion and restructuring have started coming in. During the year under review, the Company has achieved 325% growth in turnover. The Company has also registered operating profit, but due to heavy depreciation and interest, could not register net profit.

The Company added prestigious customers like SKH Ltd., Williams Controls Ltd. and Chassis Ltd. to its client list. It was successful in reducing rejection percentage by about 30%. The Company achieved Customer satisfaction Index of 92%.

Current Year Prospect

The general boom in engineering industry continued, but due to inflation and increase in interest rates, the growth in automobile industry is expected to slow down. Further due to heavy increase in the input costs, the margins are likely to remain under pressure. However, the management expect to break-even in the current year.

Subsidiary Status

The Company became a subsidiary of Vedant Hotels Limited with effect from 10th February, 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.

Change of Name

The promoters of the Company would like themselves to be recognized as 'Dhanada Group'. Your Company is indirect subsidiary of Dhanada Holdings Private Ltd. and thus part of the Dhanada Group. The use of the word 'Dhanada' in the name of the Company would establish this relationship clearly and help this Company to benefit from the goodwill created by Dhanada Group companies and Dhanada brand name.

In view of the above, the Board of Directors in its meeting held on 24th June 2011 resolved to change the name of the Company to Dhanada Engineering Private Limited. The Registrar of Companies, Pune has made the proposed name available to the Company.

Your approval for the same is now being sought in the ensuing Annual General Meeting.

Dividend

In view of the losses, the directors do not recommend any dividend on Equity Share Capital.

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 receiving remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as on date.

Directors

Mr. Shreeniwas G. Kale retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend his re-appointment.

Auditors

M/s. A. P. Dhavalikar and Co., Chartered Accountants, Pune will retire in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Conservation of Energy & Technology Absorption

Reactive Power Energy unit is fitted in the factory to control the POWER FACTOR and thereby save on electricity consumed. Natural Cooling Towers & Exhaust Fans are introduced to reduce heat generated by machinery inside the factory which results in reduced requirement of extra energy, better performance of machines and better environment to operator. For Environment improvement introduction of ISO 14000 is under process.

Further, 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 and 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 order 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.

Pune, 5th August 2011

For & on behalf of Board of Directors

Ramesh R. Havele
Chairman

We have audited the attached Balance Sheet of MALKAN ENGINEERING PVT. LTD. Pune as on 31st March 2011 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 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March 2011 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 31st March 2011.

(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, 5th August 2011

Annexure to the Auditors' Report

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 the Companies Act, 1956.
- b) The Company has taken loans from M/s. Vedant Hotels Ltd., Parent Company. The maximum amount outstanding at any time during the year was ₹ 28,07,700. The provision for interest on such loans has been done in the books of accounts.
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 transaction 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 58A, 58AA 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 and ₹ 12,26,313 for the period falling in financial year 2010-11.
- b) As per our examination, there were no 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 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 not given any guarantee for loans taken by others from bank or financial institutions.
14. As per our examination, the term loans were applied for the purpose for which they were obtained.
15. As per our examination of the records the funds raised on short-term basis have not been used for long term investments.
16. The Company has made preferential allotment of shares to Vedant Hotels Ltd., against share application money received from it during the financial year 2009 – 10. It appears that the price at which shares have been issued is not prejudicial to the interest of the Company.
17. The Company has not issued debentures and therefore no charge is required to be created.
18. The management has not made any public issue and therefore the question of disclosure on the end use thereof does not arise.
19. 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, 5th August 2011

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUND			
Share Capital	A	1,20,56,030.00	1,70,11,062.30
Reserves and Surplus	B	3,94,55,032.30	3,45,00,000.00
		5,15,11,062.30	5,15,11,062.30
Secured Loans	C	4,58,36,353.29	4,63,26,904.29
	TOTAL	9,73,47,415.59	9,78,37,966.59
APPLICATION OF FUNDS			
Fixed Assets	D		
Gross Block		8,37,51,014.84	8,22,33,037.96
Less : Depreciation		2,35,58,141.79	1,52,47,826.27
Net Block		6,01,92,873.05	6,69,85,211.69
Investments		-	-
Deferred Tax Asset		91,03,896.00	20,75,826.00
Current Assets, Loans & Advances	E		
Inventories		39,91,000.00	17,51,391.88
Sundry Debtors		22,17,685.37	27,94,916.47
Cash & Bank Balances		30,03,704.06	17,82,256.10
Advances		5,29,919.36	6,04,687.47
Deposits		3,146.00	11,146.00
Other Current Assets		32,19,027.59	43,01,732.43
		1,29,64,482.38	1,12,46,130.35
Less : Current Liabilities & Provisions	F		
Current Liabilities		1,11,30,809.97	58,69,881.11
Provisions		10,40,419.00	6,98,383.10
		1,21,71,228.97	65,68,264.21
Net Current Assets	E - F	7,93,253.41	46,77,866.14
Miscellaneous Expenditure	G	2,72,57,393.13	2,40,99,062.76
	TOTAL	9,73,47,415.59	9,78,37,966.59

Accounting Policies, Notes on Accounts & Schedules A to G form an integral part of Balance Sheet. This is the Balance Sheet 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, 5th August 2011

For & on behalf of the Board

Ramesh R. Havele
Chairman

Nitin G. Pargaonkar
Managing Director

Veena R. Havele
Director

Shreeniwas G. Kale
Director

Profit & Loss Account for the Year Ended 31st March 2011

	Schedule	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
INCOME			
Sales	1	4,33,63,966.68	1,01,60,684.14
Other income	2	5,62,193.46	20,40,894.85
	TOTAL	4,39,26,160.14	1,22,01,578.99
EXPENDITURE			
(a) Stock Consumed	3	2,96,47,353.93	71,07,157.34
(b) Other Direct expenses	4	39,74,958.23	31,47,675.08
(c) Payments to & Provisions for Employees	5	39,38,473.00	21,35,795.94
(d) Administrative & Other Expenses	6	17,61,162.86	15,34,279.17
(e) Interest & Bank Charge	7	64,80,296.97	47,53,922.18
(f) Preliminary Expenses Written Off	8	2,89,954.80	2,89,954.80
	TOTAL	4,60,92,199.79	1,89,68,784.51
Profit / (Loss) Before Depreciation & Taxation		(21,66,039.65)	(67,67,205.52)
Less : Depreciation		81,60,315.52	69,69,342.70
Less : Goodwill Written Off		1,50,000.00	1,50,000.00
Add : Deferred Tax Income		70,28,070.00	13,52,625.00
Profit / (Loss) for the year		(34,48,285.17)	(1,25,33,923.22)
Less Prior Period Expenses		-	5,000.00
Balance brought Forward		(2,29,39,243.56)	(1,04,00,320.34)
BALANCE CARRIED TO BALANCE SHEET		(2,63,87,528.73)	(2,29,39,243.56)

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, 5th August 2011

For & on behalf of the Board

Ramesh R. Havele
Chairman

Veena R. Havele
Director

Nitin G. Pargaonkar
Managing Director

Shreeniwas G. Kale
Director

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
(A) CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax and Extra-ordinary items	(1,04,76,355.17)	(1,38,91,548.22)
Adjustments for:		
Depreciation & Amortisation	83,10,315.52	71,19,342.70
Interest Expenses	64,80,296.97	47,53,922.18
Interest Received	(1,81,788.13)	(1,96,946.70)
Dividend Received	(5,000.00)	(3,333.00)
Operating profit before Working Capital changes	41,27,469.19	(22,18,563.04)
Adjustments for:		
Decrease/(Increase) in Trade & Other Receivables	16,59,935.94	(41,73,360.38)
Decrease/(Increase) in Inventories	(22,39,608.12)	1,74,71,253.27
Loans & Advances	82,768.11	61,25,395.67
Increase/(Decrease) in Trade & Other Payables	56,02,964.76	9,76,194.38
Cash generated from operations	92,33,529.88	1,81,80,919.90
Taxes Paid	-	-
Cash flow before extra-ordinary items	92,33,529.88	1,81,80,919.90
Misc. Expenses Writtren off	2,89,954.80	2,89,954.80
Net Cash Flow from Operating Activity	95,23,484.68	1,84,70,874.70
(B) CASH FLOW FROM INVESTTING ACTIVITY		
(Purchase) of Fixed Assets	(15,17,976.88)	(2,01,83,703.04)
Dividend Received	5,000.00	3,333.00
Interest Reveived	1,81,788.13	1,96,946.70
Net Cash Flow from Investing Activity	(13,31,188.75)	(1,99,83,423.34)
(C) CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from/(Repayment of) Borrowings (Net)	(4,90,551.00)	26,49,540.17
Interest and Finance charges paid	(64,80,296.97)	(47,53,922.18)
Net Cash Flow from Financing activity	(69,70,847.79)	(21,04,382.01)
(D) Net increase in Cash and Cash Equivalent	12,21,447.96	(36,16,930.65)
Cash and Cash Equivalent as on 01-04-2010	17,82,256.10	53,99,186.75
Cash and Cash Equivalent as on 31-03-2011	30,03,704.06	17,82,256.10

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

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

A. P. Dhavalikar
Proprietor
M. No. 032946

Pune, 5th August 2011

For & on behalf of the Board

Ramesh R. Havele
Chairman

Veena R. Havele
Director

Nitin G. Pargaonkar
Managing Director

Shreeniwas G. Kale
Director

Schedules Forming Part of the Balance Sheet

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE A: SHARE CAPITAL		
Authorised Equity Share Capital 40,00,000 (10,00,000) Equity share of ₹ 10/- each.	4,00,00,000.00	4,00,00,000.00
Authorised Preference Share Capital 10,00,000 Redeemable Preference Shares of ₹ 10/- each	1,00,00,000.00	1,00,00,000.00
TOTAL	5,00,00,000.00	5,00,00,000.00
Issued, Subscribed & Fully Paid Up 12,05,603 (10,00,000) Equity Shares of ₹10/- each	1,20,56,030.00	1,00,00,000.00
TOTAL	1,20,56,030.00	1,00,00,000.00
Share Application Money Vedant Hotels Ltd	-	70,11,062.30
TOTAL	1,20,56,030.00	1,70,11,062.30
SCHEDULE B: RESERVES & SURPLUS		
Share Premium A/C	3,94,55,032.30	3,45,00,000.00
TOTAL	3,94,55,032.30	3,45,00,000.00
SCHEDULE C: SECURED LOANS		
Car Loan - Saraswat Bank - 46699	9,38,180.00	12,97,327.00
Cash Credit - Saraswat Bank - 203834	77,03,946.61	36,71,113.69
HDFC Bank - Over draft	-	9,25,828.92
Term loan - Saraswat Bank - 46430	3,49,74,670.68	3,82,16,662.68
Term loan - Saraswat Bank - 46461	22,19,556.00	22,15,972.00
TOTAL	4,58,36,353.29	4,63,26,904.29
SCHEDULE F: CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities		
Advance from Customers	13,700.00	1,80,626.00
Other Advance	14,721.72	35,776.00
Profession Tax Payable	3,925.00	3,275.00
Sales Tax Payable for F.Y. 2004-05	6,99,000.00	6,99,000.00
Sundry Creditors	67,42,833.71	45,45,353.11
TDS Payable	89,474.00	24,937.00
VAT/CST Payable	35,67,155.54	3,80,914.00
TOTAL	1,11,30,809.97	58,69,881.11
(B) Provisions		
Office Rent Payable	2,70,000.00	-
Electricity Expenses Payable	1,03,480.00	99,120.00
ESI Payable	11,053.00	7,711.00
Gratuity Payable	1,58,430.00	3,87,667.00
Interest Payable	2,00,997.00	-
Octroi Payable	-	3,839.00
Property Tax Payable	42,624.00	-
Provident Fund Payable	25,988.00	22,609.00
Salary & Wages Payable	2,26,992.00	1,68,749.61
Telephone Expenses payable	-	7,433.49
Water Charges payable	855.00	1,254.00
TOTAL	10,40,419.00	6,98,383.10

**SCHEDULE D:
FIXED ASSETS**

PARTICULARS	Rate	Gross Block					Depreciation up to 31.03.2010		Depreciation for the year				Amortisation During the Year	Cumulative Depre. upto 31.03.2011 (9+13+14)	W. D. V. AS ON 31.03.2010 (2-7)	W. D. V. AS ON 31.03.2011 (5-15)
		Gross block as on 1.4.2010	Additions During The Year	Deletion during the Year	As on 31.03.2011 (2+3-4)	Assets revalued included in gross block	Cummulative	Adjusted Cummulative	Chargeable W D V (5-6-9)	On opening balance (2-8-9)	Prorata on additions during the year	Total (11-12)				
	1	2	3	4	5	6	7	9	10	11	12	13	14	15	16	17
Goodwill	0%	15,00,000.00	-	-	15,00,000.00	13,50,000	7,50,000	7,50,000	-	-	-	-	1,50,000	9,00,000.00	7,50,000	6,00,000.00
Land	0%	16,05,612.00	-	-	16,05,612.00	12,00,000	-	-	4,05,612	-	-	-	-	-	16,05,612	16,05,612.00
Factory Building	10%	1,15,49,854.65	1,46,705	-	1,16,96,560.07	18,00,000	18,29,214	18,29,214	80,67,346	7,92,084.11	11,277.48	8,03,341.58	-	26,32,555.18	97,20,641	90,64,004.89
Furniture & Fixtures	10%	3,47,014.50	-	-	3,47,014.50	-	90,394	90,394	2,56,621	25,662.07	-	25,662.07	-	1,16,055.83	2,56,621	2,30,958.67
Computers	60%	4,81,222.51	12,769	-	4,93,991.40	-	3,95,915	3,95,915	98,076	51,184.49	3,436.59	54,621.08	-	4,50,536.10	85,307	43,455.30
Computers Software	60%	-	6,69,375	-	6,69,375.00	-	-	-	6,69,375	-	17,605.48	17,605.48	-	17,605.48	-	6,51,769.52
Electrical Installation	15%	15,23,232.94	-	-	15,23,232.94	-	1,90,516	1,90,516	13,32,717	1,99,907.58	-	1,99,907.58	-	3,90,423.32	13,32,717	11,32,809.62
Plant & Machinery																
- Machinery	15%	5,22,64,721.09	1,51,092	-	5,24,05,813.09	25,25,000	71,75,917	71,75,917	4,27,04,897	63,83,070.69	18,451.93	64,01,522.61	-	1,35,77,439.11	4,50,78,805	3,88,28,373.98
- Dies & Tools	15%	91,64,071.26	5,26,135	-	96,90,206.43	40,00,000	30,47,282	30,47,282	26,42,925	3,17,518.44	33,863.30	3,51,381.74	-	33,98,663.38	61,16,790	62,91,543.05
Office Equipments																
-Fire Extinguisher	15%	11,300.00	7,101	-	18,400.50	-	10,773	10,773	7,627	78.99	-	78.99	-	10,852.37	527	7,548.13
-Intercom System	15%	12,545.00	-	-	12,545.00	-	12,174	12,174	371	55.70	-	55.70	-	12,229.34	371	315.66
-Fax machine	15%	18,700.00	-	-	18,700.00	-	17,856	17,856	844	126.55	-	126.55	-	17,982.91	844	717.09
-Cooler	15%	20,600.00	-	-	20,600.00	-	19,602	19,602	998	149.67	-	149.67	-	19,751.89	998	848.11
-Cooling Tower	15%	24,499.50	-	-	24,499.50	-	2,910	2,910	21,590	3,238.46	-	3,238.46	-	6,148.20	21,590	18,351.30
-Air Conditioner	15%	50,755.73	-	-	50,755.73	-	7,500	7,500	43,255	6,488.31	-	6,488.31	-	13,988.64	43,255	36,767.09
-Invertor System	15%	1,84,749.60	-	-	1,84,749.60	-	46,396	46,396	1,38,353	20,752.97	-	20,752.97	-	67,149.45	1,38,353	1,17,600.15
-CC TV Camera	15%	69,292.00	4,800	-	74,092.00	-	3,738	3,738	70,354	9,833.12	465.53	10,298.65	-	14,036.55	65,554	60,055.45
-Office fan	15%	4,859.10	-	-	4,859.10	-	4,603	4,603	256	38.36	-	38.36	-	4,641.71	256	217.39
-Printer Brother	15%	6,826.92	-	-	6,826.92	-	2,255	2,255	4,572	685.75	-	685.75	-	2,941.03	4,572	3,885.89
Vehicles																
Kinetic Honda	15%	35,760.00	-	-	35,760.00	-	34,701	34,701	1,059	158.81	-	158.81	-	34,860.08	1,059	899.92
Car	15%	11,13,968.16	-	-	11,13,968.16	-	10,47,690	10,47,690	66,278	9,941.76	-	9,941.76	-	10,57,631.50	66,278	56,336.66
Honda Accord	15%	20,84,242.00	-	-	20,84,242.00	-	5,20,133	5,20,133	15,64,109	2,34,616.41	-	2,34,616.41	-	7,54,749.00	15,64,109	13,29,493.00
Motor Cycle	15%	58,711.00	-	-	58,711.00	-	37,758	37,758	20,953	3,142.92	-	3,142.92	-	40,901.13	20,953	17,809.87
Car (Indigo)	15%	1,10,500.00	-	-	1,10,500.00	-	500	500	1,10,000	16,500.07	-	16,500.07	-	16,999.59	1,10,000	93,500.41
Total for the year			8,22,33,037.96	15,17,977	8,37,51,014.84	1,08,75,000	1,52,47,826	1,52,47,826	5,82,28,189	80,75,215.23	85,100.30	81,60,315.52	1,50,000	2,35,58,141.79	6,69,85,212	6,01,92,873.15

Schedules Forming Part of the Balance Sheet

**SCHEDULE E:
CURRENT ASSETS, LOANS AND ADVANCES**

(A) Inventories

Stock of Goods:

Raw Material

Work in Process

TOTAL

(B) Sundry Debtors:

(Unsecured, considered good, unless otherwise stated)

(a) Exceeding Six months.

(b) Others

TOTAL

(C) Cash & Bank Balances:

(a) Cash in Hand

(b) Fixed Deposits with Bank:

FD with Saraswat for Bank Gaurantee

Fixed Deposit with HDFC

Fixed Deposit with Saraswat Bank

(c) Bank balances:

Bank of Maharashtra - Current Account

HDFC Bank Ltd

HDFC Bank Ltd. (Corporate Account)

TOTAL

(D) Advances & Other Receivables

Accrued Interest - HDFC -674470110761

Accrued Interest - Saraswat Bank Kd/16339

Accrued Interest - Vedant

Advance to Supplier

Prepaid Insurance

Advance to Staff

TDS Receivable

TOTAL

(E) Deposits

Security Deposit with Gaurav

Security Deposit with MIDC

Security Deposit with MSEB

Security Deposit with Reliance India

TOTAL

(F) Other Current Assets

Vat Refund Receivable F. Y. 2008-09

Excise Duty

TOTAL**SCHEDULE G:
MISCELLANEOUS EXPENDITURE**

(to the extent not written off)

Preliminary Expenses - on expansion

Profit and Loss A/c. Debit balance

TOTAL

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE E: CURRENT ASSETS, LOANS AND ADVANCES		
(A) Inventories		
Stock of Goods:		
Raw Material	31,01,000.00	13,42,219.50
Work in Process	8,90,000.00	4,09,172.38
TOTAL	39,91,000.00	17,51,391.88
(B) Sundry Debtors:		
<i>(Unsecured, considered good, unless otherwise stated)</i>		
(a) Exceeding Six months.	-	32,491.82
(b) Others	22,17,685.37	27,62,424.65
TOTAL	22,17,685.37	27,94,916.47
(C) Cash & Bank Balances:		
(a) Cash in Hand	70,719.87	132.90
(b) Fixed Deposits with Bank:		
FD with Saraswat for Bank Gaurantee	1,25,709.00	1,25,709.00
Fixed Deposit with HDFC	10,00,000.00	10,00,000.00
Fixed Deposit with Saraswat Bank	-	6,00,000.00
(c) Bank balances:		
Bank of Maharashtra - Current Account	59,967.99	56,414.20
HDFC Bank Ltd	17,37,307.20	-
HDFC Bank Ltd. (Corporate Account)	10,000.00	-
TOTAL	30,03,704.06	17,82,256.10
(D) Advances & Other Receivables		
Accrued Interest - HDFC -674470110761	2,13,414.36	1,14,983.05
Accrued Interest - Saraswat Bank Kd/16339	19,778.00	71,297.00
Accrued Interest - Vedant	-	15,240.81
Advance to Supplier	1,19,408.94	2,92,124.37
Prepaid Insurance	33,331.00	37,669.00
Advance to Staff	971.36	9,321.36
TDS Receivable	1,43,015.70	64,051.88
TOTAL	5,29,919.36	6,04,687.47
(E) Deposits		
Security Deposit with Gaurav	-	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
TOTAL	3,146.00	11,146.00
(F) Other Current Assets		
Vat Refund Receivable F. Y. 2008-09	8,45,266.27	8,45,266.27
Excise Duty	23,73,761.32	34,56,466.16
TOTAL	32,19,027.59	43,01,732.43
SCHEDULE G: MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
Preliminary Expenses - on expansion	8,69,864.40	11,59,819.20
Profit and Loss A/c. Debit balance	2,63,87,528.73	2,29,39,243.56
TOTAL	2,72,57,393.13	2,40,99,062.76

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
SCHEDULE 1: SALES & OTHER OPERATING INCOME		
Sales	4,20,81,351.42	87,76,956.57
Labour Charges	12,82,615.26	13,83,727.57
TOTAL	4,33,63,966.68	1,01,60,684.14
SCHEDULE 2: OTHER INCOME		
Interest on Bank FD	1,81,789.13	1,96,946.70
Dividend Income	5,000.00	3,333.00
Creditors written back	3,72,934.33	2,24,472.28
Profit (Loss) on Shares traded	-	16,16,142.87
Income Tax Refund Received F.Y. 2008-09	2,470.00	-
TOTAL	5,62,193.46	20,40,894.85
SCHEDULE 3: (A) RAW MATERIALS CONSUMED		
Opening Stock	13,42,219.50	12,48,653.00
Add : Purchases	3,18,86,962.05	65,07,198.22
Less : Closing Stock	31,01,000.00	13,42,219.50
Raw Materials Consumed :	3,01,28,181.55	64,13,631.72
(B) WORK-IN-PROCESS		
Opening Stock	4,09,172.38	11,02,698.00
Closing Stock	8,90,000.00	4,09,172.38
(Increase) / Decrease in Stock of WIP	(4,80,827.62)	6,93,525.62
TOTAL	2,96,47,353.93	71,07,157.34
SCHEDULE 4: OTHER DIRECT EXPENSES		
Consumable - Oil & Lubricants	3,25,835.38	1,83,431.12
Consumable : Electrical & Hardware & Others	4,33,916.02	3,18,049.71
Electricity Charges	12,57,430.00	6,93,050.00
Octroi	2,16,378.25	51,846.00
Contract Labour & Security charges	5,11,525.79	4,55,714.05
Outside Processing Charges	9,12,127.94	11,64,337.34
Testing & Calibration Charges	1,299.85	19,358.86
Transportation Charges	2,92,720.00	2,51,705.00
Water Charges	23,725.00	10,183.00
TOTAL	39,74,958.23	31,47,675.08
SCHEDULE 5: PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salary, Bonus and Employer contribution to ESI & PF	39,38,473.00	21,35,795.94
TOTAL	39,38,473.00	21,35,795.94

Schedules Forming Part of the Profit and Loss Account

**SCHEDULE 6:
ADMINISTRATIVE & OTHER EXPENSES**

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
Bank Charges	62,610.51	56,215.34
Consultation & Professional Charges	2,09,698.00	4,37,631.55
Debit Balance & Rebate & Settlement	1,62,063.43	2,06,198.21
Excise Duty Assessment Dues	1,16,781.01	-
Gifts to Customers	21,318.00	26,620.00
Hospitality Expenses	2,24,347.00	52,538.60
Insurance	44,808.00	11,835.00
Interest on Late Pymnt of Taxes	14,613.00	5,272.00
Legal & License Fees	9,513.00	23,000.00
Municipal tax	42,624.00	33,992.00
Office Expenses/ROC Charges	58,255.42	95,860.58
Office Rent	3,00,000.00	-
Printing & Stationery	74,383.02	1,51,385.50
Professional Tax	5,000.00	-
Repairs & Maintenance	2,07,687.36	95,868.49
Telephone Expenses	1,10,370.48	98,690.40
Travelling & Conveyance Expenses	97,090.63	2,39,171.50
TOTAL	17,61,162.86	15,34,279.17

Schedule 7:**INTEREST**

Interest on Bank Overdraft	92,307.97	85,994.18
Interest on C.C.	9,25,738.00	5,14,340.00
Interest on Car Loan	1,17,553.00	1,53,409.00
Interest on Term loan	51,21,368.00	40,00,179.00
Interest on unsecured Loans	2,23,330.00	-
TOTAL	64,80,296.97	47,53,922.18

Schedule 8:**PRELIMINARY EXPENSES WRITTEN OFF**

Preliminary Expenses	2,89,954.80	2,89,954.80
TOTAL	2,89,954.80	2,89,954.80

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 31st March 2011, has been verified, valued and confirmed by the management.
- Auditors Remuneration:

(a) Audit Fees and Tax audit fee	99,270.00
(b) Others	NIL
- Confirmation from Parties:
Confirmation 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 has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosures, if any, relating to unpaid amount as at the year end together with interest paid / payable as required under the said Act have not been given.
- In the opinion of the Board, Current Assets, Loans and 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 and is not in excess of the amount considered necessary.
- Figures of last year are regrouped wherever necessary.
- 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.

Raw Material purchases and consumption:

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	10.90	5.90	264.00	105.60	30.00	12.02	244.90	99.48
	Last	21.40	7.49	93.02	27.56	10.90	5.90	103.52	29.15
CR - MS Sheets	This	11.10	5.12	407.63	183.43	35.00	15.92	383.73	172.63
	Last	10.00	5.00	39.05	19.31	11.10	5.12	37.95	19.19
Other	This	5.53	2.40	41.33	29.84	5.96	3.07	40.90	29.17
	Last	-	-	47.39	23.22	5.53	2.40	41.86	20.82
Total	This	27.53	13.42	712.96	318.87	70.96	31.01	669.53	301.28
	Last	31.40	12.49	179.46	70.09	27.53	13.42	183.33	69.16

Finished Goods - Manufacture & Sale

Year	Opening Stock Qty (Nos)	Manufacture Qty (Nos)	Sale Qty (Nos)	Closing Stock Qty (Nos)
This	Nil	1,385,202	1,385,202	Nil
Last	Nil	274,780	274,780	Nil

The Ministry of Corporate Affairs vide its notification dated 8th February 2011 has granted exemption from disclosing information in Annual Accounts mentioned under paragraphs 3(i)(a) and 3(ii)(a) of Part II of Schedule VI of the Companies Act, 1956 for those goods which form less than ten percent of the total value of turnover, purchase, consumption of raw material etc. as the case may be. The Board of Directors has given consent for such non-disclosure.

- 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	-	1,21,21,100.00 Cr	(1,21,21,100.00) Dr.	-
		Interest Payable	-	2,00,997.00 Dr.	-	2,00,997.00 Cr.
2	Dhanada Holdings Pvt. Ltd. (Holding Company)	Rent	-	2,70,000.00 Cr.	-	2,70,000.00 Cr.
3	Dhanada Securities Trading Pvt. Ltd. (Group Company)	Share Application Money	-	11,07,975 Dr.	(11,07,975) Cr.	-

- Managerial Remuneration: No managerial remuneration is paid or payable for the current year.
- Imports of C.I.F. basis : Raw material and components, Stores and Spares, Capital goods NIL
- Expenditure in Foreign Currency : Technical Know – how fees, Overseas business expenses etc. NIL
- Earning in Foreign Exchange : Income from service NIL
- The Quantitative data of closing stock and valuation of stock have been adopted as furnished and certified by the management of the Company.

15. The deferred tax asset has been recognized as provided by AS-22 and shown below.

Assessment Year	Depreciation Loss	Business Loss	Total
2007-08	6,88,687	-	6,88,687
2009-10	5,36,133	27,22,811	32,58,944
2010-11	89,79,231	65,20,332	1,54,99,563
2011-12	80,25,889	19,89,364	1,00,15,253
Total	1,82,29,940	1,12,32,507	2,94,62,447
Deferred Tax Asset @ 30.90%			91,03,896
Less : Asset as on 01.04.2010			20,75,826
Deferred Tax Asset for the year			70,28,070

Disclosure of Accounting Policies for the Year Ended on 31st March 2011

1. Basis of Accounting

- The Company except under significant and uncertain circumstances follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.
- 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 additions to the Fixed Asset during the year has been provided on pro rata basis and on the opening balance on WDV method at the rates prescribed under the Income Tax Rules.

4. Inventories

- Raw material : At cost worked out on the basis of last purchase price plus direct expenses.
- Work in Process : At material cost plus overheads.

5. Revenue Recognition

Sales are recognized when goods are invoiced on dispatch to customers and are net of excise, sales tax and goods returned.

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 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 31st March 2011, have been reported by the Company after balance sheet date till signing of the report.

8. Foreign Currency Transactions

There are no foreign currency transactions.

9. Intangible Assets (As – 26)

In F.Y. 2005-06, the Company has decided to amortize Goodwill acquired during the acquisition of Malkan Engineering (proprietary concern) 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.

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

A. P. Dhavalikar
Proprietor
M. No. 032946

Pune, 5th August 2011

For & on behalf of the Board

Ramesh R. Havele
Chairman

Veena R. Havele
Director

Nitin G. Pargaonkar
Managing Director

Shreeniwas G. Kale
Director

Vedant Hotels Limited Annual Report 2011

56

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.	107644	State Code	11
Balance Sheet Date	31.03.2011		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	2,056.03

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

Total Liabilities	97,347.42	Total Assets	97,347.42
Sources of Funds			
Paid-up Capital	12,056.03	Reserves & Surplus	39,455.03
Secured Loans	45,836.35	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	60,192.87	Investments	Nil
Net Current Assets	9,897.15	Misc.Expenditure	27,257.39

4) Performance of Company (₹ in Thousands)

Turnover	43,926.16	Total Expenditure	54,252.52
Profit/(Loss) before Tax	(10,476.36)	Profit/(Loss) after Tax	(3,448.29)
Earning per Share	(2.86)	Dividend Rate	% NIL

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

Item Code No. (I T C Code)	Not Available
Product description	Manufacturing of Sheet Metal Components



**Consolidated Financial Statements
2010 - 2011**

Auditors' Report	59
Balance Sheet	60
Profit & Loss Account	61
Cash Flow Statement	62
Schedules to the Accounts	63
Notes to the Accounts	68

Auditors' Report**to the Board of Directors of Vedant Hotels Limited on the Consolidated Financial Statements**

1. We have audited the attached Consolidated Balance Sheet of VEDANT HOTELS LIMITED ("the Company") and its subsidiary, (herein referred to as "the Group") as at 31st March 2011, 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. Without qualifying our report, we draw your attention to Note 1 of Schedule No. 10. As per Clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able High Court, Bombay on 16th July 2009, the Company has acquired land from Mr. R. R. Havele, Chairman and Managing Director of the Company and Dr. Laxman V. Kulkarni. The Company has allotted equity shares as a consideration for land so acquired on 30th April 2010. The Scheme provides for allotment of shares against the aforesaid purchase after the conveyance deeds are executed and registered. However, the management has issued 1796254 Equity Shares to Dr. Laxman V. Kulkarni without executing and registering the conveyance deed. The outcome of the said event is uncertain and we are unable comment upon it.
4. The Consolidated Financial Statements include the financial statements of a subsidiary, which reflect total assets (net) of ₹ 70,090,022/- as at 31st March, 2011, total revenues of ₹ 43,926,160/- and net cash flows amounting to ₹ 1,221,448/- for the year ended on that date. The aforesaid entity has been consolidated on the basis of their audited financial statements furnished to us, which have been audited by another Auditor. In so far as it relate to the amounts included in respect of the subsidiary, these consolidated financial statements are based solely on their reports.
5.
 - (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.
 - (ii) Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, subject to our comments in paragraph 4 regarding the inclusion of accounts relating to a subsidiary and read with our comments in paragraph 3, the 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 31st March 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the 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; and

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

Pune, 25th August 2011

T. R. Jalnawala
Proprietor
M.No. 037084

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SOURCES OF FUND			
(1) Shareholders' Funds			
a) Share Capital	1	4,90,81,581.00	4,43,84,448.00
b) Reserves & Surplus	2	20,52,66,521.00	20,99,63,654.00
		<u>25,43,48,102.00</u>	<u>25,43,48,102.00</u>
Minority Interest		83,47,415.82	1,00,10,335.82
(2) Loans Funds			
(a) Secured Loans	3	15,59,08,472.82	15,73,51,081.15
(b) Unsecured Loans	4	3,78,12,904.02	2,74,14,898.02
		<u>19,37,21,376.84</u>	<u>18,47,65,979.17</u>
	TOTAL	45,64,16,894.66	44,91,24,416.99
APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	51,42,47,609.79	49,70,98,549.55
(b) Less : Depreciation		10,23,00,330.56	8,13,78,442.80
(c) Net Block		<u>41,19,47,279.23</u>	<u>41,57,20,106.75</u>
(d) Capital Work-in-Progress		66,85,530.77	71,86,837.62
		<u>41,86,32,810.00</u>	<u>42,29,06,944.37</u>
Goodwill on Consolidation		71,46,848.03	64,41,143.03
(2) Investments	6	30,000.00	30,000.00
(3) Deferred Tax Asset		91,03,896.00	20,75,826.00
(4) Current Assets Loans & Advances			
(a) Inventories		46,62,685.18	24,04,074.63
(b) Sundry Debtors		82,90,675.99	69,41,740.96
(c) Cash & Bank Balances		34,65,097.50	27,87,167.98
(d) Loans & Advances		2,41,76,405.93	2,11,96,816.27
		<u>4,05,94,864.60</u>	<u>3,33,29,799.84</u>
Less : Current Liabilities & Provision	8		
(a) Current Liabilities		3,98,87,107.38	3,01,29,050.35
(b) Provisions		7,80,860.00	11,12,055.00
		<u>4,06,67,967.38</u>	<u>3,12,41,105.35</u>
Net Current Assets		(73,102.78)	20,88,694.49
(5) Miscellaneous Expenditure	9	2,15,76,443.41	1,55,81,809.10
	TOTAL	45,64,16,894.66	44,91,24,416.99
Notes Forming Part of Accounts	10		

Subject to our Report of even date Annexed

For T. R. Jainawala & Associates
Chartered Accountants
(Registration No. 104025W)

T. R. Jainawala
Proprietor
M.No. 037084

Pune, 25th August 2011

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

Consolidated Profit and Loss Account for the year ended 31st March 2011

	Schedule	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
INCOME			
(a) Sales	A		
Direct Sales		10,81,33,938.71	4,99,19,038.26
Other Operating Incomes		22,62,779.24	12,09,591.14
(b) Other Income	B	14,80,581.12	23,82,343.19
TOTAL		11,18,77,299.07	5,35,10,972.59
EXPENDITURE			
(a) Stock Consumed	C	4,06,71,087.23	1,44,60,623.19
(b) Operating, Administration & Selling Expenses	D	3,12,25,568.36	2,51,91,927.33
(c) Salaries & Wages / Staff Expenses	E	1,34,39,039.90	1,07,93,664.94
(d) Financial Expenses	F	2,13,62,817.15	2,04,24,785.30
TOTAL		10,66,98,512.64	7,08,71,000.76
Profit / (Loss) before Depreciation & Tax		51,78,786.43	(1,73,60,028.17)
Less : Depreciation		2,08,08,953.06	1,88,06,690.78
Less : Goodwill Written off		1,50,000.00	1,50,000.00
Less : Prior Period Expenses		(49,746.97)	14,09,700.23
Profit / (Loss) before Tax		(1,57,30,419.66)	(3,77,26,419.18)
Provision for Tax			
Add : Deferred Tax Income as per AS 22		(70,28,070.00)	(13,52,625.00)
Profit / (Loss) after Tax		(87,02,349.66)	(3,63,73,794.18)
Less : Minority Interest in Net Income/(Loss)		(16,62,920.00)	(58,21,633.96)
Net Profit after Minority Interest		(70,39,429.66)	(3,05,52,160.22)
APPROPRIATIONS			
Proposed Dividend		-	-
Transferred to Goodwill A/c.		(7,05,705.00)	-
Balance Profit/(Loss) brought Forward		(1,39,49,214.10)	1,66,02,946.12
Balance Carried to Balance Sheet		(2,02,82,938.76)	(1,39,49,214.10)
Earnings Per Share (Note 7)		(0.14)	(0.86)
Notes Forming Part of Accounts	10		

Subject to our Report of even date Annexed

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

T. R. Jalnawala
Proprietor
M.No. 037084

Pune, 25th August 2011

For and on behalf of the Board

Ramesh R. Havele
Managing Director

Shreeniwass G. Kale
Director

Ravindra S. Golwalkar
Director

Mrs. Veena R. Havele
Director

Gajanan M. Deshpande
Director

Mrs. Sanjana Joshi
Company Secretary

Particulars	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
(A) CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before tax and Extra-ordinary items	(1,57,29,518.71)	(3,77,26,419.19)
Adjustments for:		
Depreciation & Amotrisation	2,09,58,052.11	1,89,56,690.77
Interest Expenses	2,15,86,147.15	2,04,24,785.30
Interst Received	(7,46,307.05)	(5,11,947.65)
Dividend Received	(22,030.00)	(38,408.00)
Operating profit before Working Capital changes	2,60,46,343.50	11,04,701.23
Adjustments for:		
Decrease/(Increase) in Trade & Other Receivables	(2,66,230.19)	(75,74,439.59)
Decrease/(Increase) in Inventories	(22,58,610.55)	1,73,58,192.20
Loans & Advances	27,63,011.61	2,15,66,620.64
Increase/(Decrease) in Trade & Other Payables	96,12,618.25	95,07,401.02
Cash generated from operations	3,58,97,132.62	4,19,62,475.50
Taxes Paid	-	-
Cash flow before extra-ordinary items	3,58,97,132.62	4,19,62,475.50
Exceptional Items	(25,433.22)	-
(Profit)/Loss on Sale/Damage of Fixed Assets (Net)	58,984.89	-
Misc. Expenditure W/off	3,39,090.35	(66,642.24)
Net Cash Flow from Operating Activity	3,62,69,774.64	4,18,95,833.26
(B) CASH FLOW FROM INVESTING ACTIVITY		
(Purchase)/Sale of Fixed Assets (Net)	(1,67,64,986.39)	(5,58,43,086.62)
Sale of Fixed Assets	46,616.00	-
(Purchase) of Investments	(70,11,062.30)	-
Sale of Investments	-	30,39,016.80
Interest Received	7,46,307.05	5,11,947.65
Dividend Received	22,030.00	38,408.00
Net Cash Flow from Investing Activity	(2,29,61,095.64)	(5,22,53,714.17)
(C) CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from/(Repayment of) Borrowings (Net)	89,55,397.67	2,36,37,760.08
Interest and Finance charges paid	(2,15,86,147.15)	(2,04,24,785.30)
Net Cash Flow from Financing Activity	(1,26,30,749.48)	32,12,974.78
(D) Net increase in Cash and Cash Equivalent	6,77,929.52	(71,44,906.13)
<i>(Refer to Cash & Bank Balance - Schedule No. 7)</i>		
Cash and Cash Equivalent as on 01-04-2010	27,87,167.98	99,32,074.11
Cash and Cash Equivalent as on 31-03-2011	34,65,097.50	27,87,167.98

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

Subject to our Report of even date Annexed

For T. R. Jainawala & Associates
Chartered Accountants
(Registration No. 104025W)

T. R. Jainawala
Proprietor
M.No. 037084

Pune, 25th August 2011

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

Schedules Forming Part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED CAPITAL:		
108,000,000 (58,000,000) Equity Shares of ₹ 1/- each	10,80,00,000.00	5,80,00,000.00
50,000,000 (100,000,000) 8% Cumulative Convertible Preference Shares of ₹ 1/- each	5,00,00,000.00	10,00,00,000.00
Total	15,80,00,000.00	15,80,00,000.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
490,81,581 (44,384,448) Equity Shares of ₹ 1/- each	4,90,81,581.00	4,43,84,448.00
Total	4,90,81,581.00	4,43,84,448.00
SCHEDULE 2: RESERVES & SURPLUS		
Share Premium	19,66,32,524.02	16,87,31,554.00
Revenue Reserves	26,34,000.00	26,34,000.00
Special Capital Incentives	25,00,000.00	25,00,000.00
Share Amalgamation A/c	34,99,996.98	3,60,98,100.00
Total	20,52,66,521.00	20,99,63,654.00
SCHEDULE 3: SECURED LOANS		
Saraswat Co-op. Bank Ltd. Term Loan - I <i>(Secured by Mortgage/Hypothication of property)</i>	4,33,16,874.30	4,81,76,888.30
Saraswat Co-op. Bank Ltd. Term Loan - II <i>(Secured by Mortgage/Hypothication of property)</i>	5,34,81,593.00	5,83,09,226.00
HDFC Bank Ltd. (Vehile Loan)	2,86,178.91	3,97,597.77
HDFC Bank Ltd. (Over Draft against F.D.)	1,14,84,856.37	16,84,044.59
Axis Bank - Bank Overdraft	-	-
Axis Bank Expenses OD A/c. - Bank Overdraft	15,02,616.95	24,56,420.20
Saraswat Co.Op Bank - Vehicle Loan A/c.	9,38,180.00	12,97,327.00
Saraswat Co.Op Bank - Cash Credit A/c.	77,03,946.61	36,71,113.69
Saraswat Co.Op. Bank - OD against FD) -46377	-	9,25,828.92
Saraswat Co.Op. Bank - Term Loan A/c. -46430	3,49,74,670.68	3,82,16,662.68
Saraswat Co.Op. Bank - Term Loan A/c. -46461	22,19,556.00	22,15,972.00
Total	15,59,08,472.82	15,73,51,081.15
SCHEDULE 4: UNSECURED LOANS		
Dhanada Holdings Pvt.Ltd. (Loan A/c)	3,57,08,716.00	2,53,10,710.00
Sales Tax Defferment	21,04,188.02	21,04,188.02
Total	3,78,12,904.02	2,74,14,898.02

Schedules Forming Part of the Consolidated Balance Sheet

(In ₹)

Description Of Assets	Gross Block			Depreciation			Net Block		
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Up to 31.03.2010	Deletion during the year	For the Year	Total up to 31.03.2011	As at 31.03.2011
Goodwill	15,00,000.00	-	-	15,00,000.00	7,50,000.00	-	1,50,000.00	9,00,000.00	6,00,000.00
	(15,00,000.00)	-	-	(15,00,000.00)	(6,00,000.00)	-	(1,50,000.00)	(7,50,000.00)	(7,50,000.00)
Land	4,48,38,036.00	18,22,583.00	-	4,66,60,629.00	-	-	-	-	4,66,60,629.00
	(4,48,38,036.00)	-	-	(4,48,38,036.00)	-	-	-	-	(4,48,38,036.00)
Building	23,42,03,079.66	75,89,865.68	-	24,17,92,945.34	2,98,71,183.39	-	44,76,823.36	3,43,48,006.75	20,74,44,938.59
	(21,02,10,872.36)	(2,39,92,207.30)	-	(23,42,03,079.66)	(2,55,71,408.97)	-	(42,99,774.41)	(2,98,71,183.38)	(20,43,31,896.28)
Plant & Machinery	14,14,89,802.51	10,39,346.92	10,79,747.00	14,14,49,402.43	4,32,41,399.67	25,433.22	1,04,85,237.15	5,37,01,203.60	8,77,48,198.83
	(8,89,99,800.19)	(5,47,55,785.89)	-	(14,37,55,586.08)	(3,39,38,734.10)	-	(94,93,181.33)	(4,34,31,915.43)	10,03,23,670.65
Plant & Machinery (Elect.)	3,06,45,847.86	4,32,999.85	48,000.00	3,10,30,847.71	28,76,580.86	5,076.45	22,64,125.85	51,35,630.26	2,58,95,217.45
	(2,61,60,243.96)	(37,43,053.27)	-	(2,99,03,297.23)	(7,65,990.25)	-	(21,10,590.61)	(28,76,580.86)	2,70,26,716.37
Furniture & Fixtures	4,07,60,768.13	67,33,640.00	69,233.00	4,74,25,175.13	35,07,595.08	6,555.66	29,93,459.44	64,94,498.86	4,09,30,676.27
	(3,38,85,796.16)	(53,51,739.03)	-	(3,92,37,535.19)	(10,09,607.78)	-	(23,07,471.52)	(33,17,079.30)	(3,59,20,455.89)
Computer	36,61,015.39	7,27,594.89	-	43,88,610.28	11,31,683.83	-	5,89,307.26	17,20,991.09	26,67,619.19
	(35,04,471.84)	(1,56,543.55)	-	(36,61,015.39)	(5,36,010.93)	-	(5,95,672.91)	(11,31,683.84)	(25,29,331.55)
Sub Total	49,70,98,549.55	1,83,46,040.34	11,96,980.00	51,42,47,609.79	8,13,78,442.83	37,065.33	2,09,58,953.06	10,23,00,330.56	41,19,47,279.33
	(40,90,99,220.51)	(8,79,99,329.04)	-	(49,70,98,549.55)	(6,24,21,752.03)	-	(1,89,56,690.78)	(8,13,78,442.81)	(41,57,20,106.74)
Work in Progress (W.I.P.)	71,86,837.62	24,69,395.58	29,70,702.43	66,85,530.77	-	-	-	-	66,85,530.77
	(3,93,43,080.04)	(2,54,17,298.96)	(5,75,73,541.38)	(71,86,837.62)	-	-	-	-	(71,86,837.62)
Grand Total	50,42,85,387.17	2,08,15,435.92	41,67,682.43	52,09,33,140.56	8,13,78,442.83	37,065.33	2,09,58,953.06	10,23,00,330.56	41,86,32,810.10
	(44,84,42,300.55)	(11,34,16,628.00)	(5,75,73,541.38)	(50,42,85,387.17)	(6,24,21,752.03)	-	(1,89,56,690.78)	(8,13,78,442.81)	(42,29,06,944.36)

Previous Year figures are reported in bracket

Schedules Forming Part of the Consolidated Balance Sheet

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
SCHEDULE 6: INVESTMENTS		
Shares In The Saraswat Co.Op. Bank Ltd. <i>(2500 Shares of ₹ 10/- Each)</i>	25,000.00	25,000.00
National Saving Certificate	5,000.00	5,000.00
Total	30,000.00	30,000.00
SCHEDULE 7: CURRENT ASSETS, LOANS & ADVANCES		
Inventories:		
Raw Material	37,72,685.18	19,94,902.25
Work in Process	8,90,000.00	4,09,172.38
<i>(As taken Valued & Certified by Management)</i>		
Sub Total	46,62,685.18	24,04,074.63
Receivables		
Cash & Bank Balances:	82,90,675.99	69,41,740.96
Cash in Hand	2,22,924.28	3,37,360.48
Bank Balance	32,42,173.22	24,49,807.50
Sub Total	34,65,097.50	27,87,167.98
Loans, Advances & Deposits:		
Loans & Advances	1,87,02,616.85	1,62,09,134.31
Deposits (Fixed Deposit)	54,73,789.08	49,87,681.96
Sub Total	2,41,76,405.93	2,11,96,816.27
Total	4,05,94,864.60	3,33,29,799.84
SCHEDULE 8: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditor	2,21,27,508.76	2,10,76,772.26
Other Payables	1,77,59,598.62	90,52,278.09
Sub Total	3,98,87,107.38	3,01,29,050.35
Provisions		
	7,80,860.00	11,12,055.00
Total	4,06,67,967.38	3,12,41,105.35
SCHEDULE 9: MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	12,93,504.65	16,32,595.00
Balance in Profit & Loss Account	2,02,82,938.76	1,39,49,214.10
Total	2,15,76,443.41	1,55,81,809.10

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
SCHEDULE A: SALES		
Food & Beverage Sale	2,65,17,158.20	1,63,00,547.94
Liquor Sale	20,48,014.63	16,47,484.10
Room Revenue	3,42,20,264.78	2,07,06,641.50
Banquet Sale	19,84,534.42	11,03,680.58
Sales Less Rejections	4,20,81,351.42	87,76,956.57
Labour Charges	12,82,615.26	13,83,727.57
Sub Total	10,81,33,938.71	4,99,19,038.26
Other Operating Income:	22,62,779.24	12,09,591.14
Total	11,03,96,717.95	5,11,28,629.40
SCHEDULE B: OTHER INCOME		
Profit/(Loss) from Trading in Securities		
Securities Sales:	-	1,84,87,437.02
Less: Opening Stock of Securities	-	1,68,71,294.15
Less: Securities Purchases	-	-
Add: Closing Stock of Securities	-	-
	-	16,16,142.87
Other Income		
Dividend	22,030.00	35,075.00
Interest Income	5,22,978.05	5,11,947.65
Other Income	9,35,573.07	2,19,177.67
Sub Total	14,80,581.12	7,66,200.32
Total	14,80,581.12	23,82,343.19
SCHEDULE C: STOCK CONSUMED		
Opening Stock	19,94,902.25	17,88,274.68
Add : Purchases	4,29,29,697.78	1,39,73,725.14
Less : Closing Stock	37,72,685.18	19,94,902.25
	4,11,51,914.85	1,37,67,097.57
Work in Progress		
Opening Stock	4,09,172.38	11,02,698.00
Closing Stock	8,90,000.00	4,09,172.38
(Increase) / Decrease in Stock of WIP	(4,80,827.62)	6,93,525.62

Schedules Forming Part of the Consolidated Profit & Loss Account

**SCHEDULE D:
OPERATING, ADMINISTRATION &
OTHER EXPENSES (Including Direct Expenses)**Operating Expenses:

	Year ended 31.03.2011 ₹	Year ended 31.03.2010 ₹
Direct Expenses	45,14,292.59	29,37,809.89
Fuel and Power expenses	1,24,08,232.00	1,04,90,398.10
Housekeeping expenses	1,33,454.84	1,23,477.69
Linen & Laundry	6,13,866.00	4,07,751.00
Repairs and maintainance	13,76,768.07	7,61,285.93
Sales Promotion	2,15,159.00	2,09,449.00
Security & Labour Hire	16,20,062.75	10,49,536.29

Administration and General Expenses:

Administration Charges	17,19,606.79	11,37,035.20
Advertisement	84,303.00	2,11,953.00
Auditors Remuneration	1,20,000.00	80,000.00
Director's Remuneration	1,60,000.00	2,00,000.00
Legal, Consultation & Professional Charges	50,60,247.54	43,40,393.45
Balance Written off	3,43,367.16	4,53,150.34
Bank Commission & Charges	3,57,053.21	2,34,493.43
Insurance	3,58,036.00	2,84,889.00
Interest on Tax Payments	1,44,566.00	57,101.00
Licence Fees	2,19,749.88	2,02,994.56
Loss on sale/Damage of Assets	58,984.89	-
Printing Expenses	5,47,052.02	9,23,936.29
Rates and Taxes	5,68,344.01	4,38,644.66
Communication Expenses	4,13,801.98	3,05,465.00
Travelling & Lodging Expenses	1,88,620.63	3,42,163.50

Total	3,12,25,568.36	2,51,91,927.33
--------------	-----------------------	-----------------------

**SCHEDULE E:
STAFF EXPENSES**

Basic Salary & Allowances	1,04,14,310.00	86,01,004.04
Company's Cont. to Retirement Funds & Other Funds	11,44,673.00	5,18,520.00
Gratuity and Leave Encashment	2,79,000.00	4,79,440.00
Reimbursement of Salary Personnel Deputed to the Company	9,92,472.00	8,54,772.00
Staff Welfare & Others	6,08,584.90	3,39,928.90

Total	1,34,39,039.90	1,07,93,664.94
--------------	-----------------------	-----------------------

**SCHEDULE F:
FINANCIAL EXPENSES**

Interest on Term Loan & CC	2,09,38,459.00	1,94,27,346.00
Interest on Vehicle Loan	1,66,534.14	2,14,319.60
Interest on Bank Over Draft	2,57,824.01	7,83,119.70

Total	2,13,62,817.15	2,04,24,785.30
--------------	-----------------------	-----------------------

1. As per Clause No. 4.4.5 of the Scheme of Amalgamation sanctioned by Hon'able Bombay High Court, vide their order dated 16th July 2009, the Company has acquired land from Mr. R. R. Havele, Chairman and Managing Director of the Company and Dr. Laxman V. Kulkarni. The Company has allotted equity shares as a consideration for land so acquired on 30th April 2010. However, registration of sale deed of land in case of Dr. Laxman V. Kulkarni is pending till the date of audit.

2. 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 (%)	
	2010-11	2009-10
Malkan Engineering Pvt. Ltd.	61.49	53.57

3. 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 and 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 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.

4. Taxes on income:

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

5. 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	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Segment Revenue										
	a. External	670.33	409.58	433.64	101.61	-	16.16	14.81	7.66	1,118.78	535.01
	b. Inter-Segment	-	-	-	-	-	-	-	-	-	-
	c. Total Revenue	670.33	409.58	433.64	101.61	-	16.16	14.81	7.66	1,118.78	535.01
2.	Total Revenue of each segment as a percentage of Total Revenue of all Segments	60	77	39	19	-	3	1	1	100	100
3.	Segment Results (Profit/(Loss)) before Interest, Depreciation and Taxes	234.98	58.62	40.42	(39.93)	-	16.16	14.81	7.66	290.21	42.51
4.	Interest	151.06	158.49	64.80	47.54	-	-	-	-	215.86	206.03
5.	Depreciation / Amortisation	126.48	118.37	83.10	71.19	-	-	-	-	209.58	189.56
6.	Taxes	-	-	(70.81)	(13.52)	-	-	-	-	(70.81)	(13.52)
7.	Segment Result Net Profit/(Loss)	(42.56)	(218.24)	(36.67)	(145.14)	-	16.16	14.81	7.66	(64.42)	(339.56)
8.	Segment Assets	3,814.34	3,737.76	716.56	762.40	-	-	51.72	124.86	4,582.62	4,625.02
9.	Segment Assets as a percentage of all Segments	83	81	16	16	-	-	1	3	100	100.00
10.	Segment Liabilities	1,650.98	1,631.27	580.07	528.95	-	-	-	-	2,231.05	2,160.22
11.	Capital Expenditure	152.72	356.60	15.18	201.84	-	-	-	17.26	167.90	575.70
12.	Non-Cash Expenses other than Depreciation and Amortisation	3.85	4.08	6.02	4.96	-	-	-	-	9.87	9.04

6. Auditors' Remuneration (in ₹)

Particulars	2010-2011	2009-2010
Vedant Hotels Ltd (Holding Company)	1,32,360.00	88,240.00
Malkan Engineering Pvt. Ltd. (Subsidiary Company)	99,270.00	1,15,815.00
Total	2,31,630.00	2,04,055.00

The above figures are inclusive of Service Tax.

7. Earnings Per Share (EPS):

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

Particulars	2010 – 2011	2009 – 2010
Profit/(Loss) before Tax and Extraordinary Items	(15,780,166.63)	(36,316,718.95)
Less : Prior Period Items and Extraordinary Items	(49,746.97)	1,409,700.23
Profit/(Loss) before Taxes	(15,730,419.66)	(37,726,419.18)
Provision for Taxes & Deferred Taxes	(7,028,070.00)	(1,352,625.00)
Profit/(Loss) after Tax and Extraordinary Items	(8,702,349.66)	(36,373,794.18)
Less: Minority Interest	(1,662,920.00)	(5,821,633.96)
Net Profit/(Loss) available for equity shareholder	(7,039,429.66)	(30,552,160.22)
Weighted Average Number of Equity Shares	48,690,153	3,56,15,977
Basic and Earning Per Share	(0.14)	(0.86)

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

8. 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 (Proprietary Concern) over ten years from the year 2005-2006. Accordingly, 10% of Goodwill has been written off to Profit and Loss Account pursuant to provisions of AS – 26.

9. Impairment of Fixed Assets: (AS – 28)

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

10. Events occurring after Balance Sheet Date:

No significant events, which could affect the financial position as on 31st March 2011, have been reported by the Company after the balance sheet date till signing of the report.

11. Provisions, Contingent Liabilities and Contingent Asset:

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

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

As per our report of even date Annexed

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

T. R. Jalnawala
Proprietor
M. No. 037084

Pune, 25th August 2011

For and on behalf of the board

Ramesh R. Havele
Managing Director

Shreeniwass G. Kale
Director

Ravindra R. Golwalkar
Director

Mrs. Veena R. Havele
Director

Gajanan M. Deshpande
Director

Mrs. Sanjana Joshi
Company Secretary



2nd Room Night free*
(Pay for One Night & get the Second Night free)



Shareholder's Coupon

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

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



2nd Room Night free*
(Pay for One Night & get the Second Night free)



Shareholder's Coupon

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

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



2nd Room Night free*
(Pay for One Night & get the Second Night free)



Shareholder's Coupon

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

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



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



Shareholder's Coupon

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

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

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 ` 1,000/- plus taxes.
6. The obove 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 2012.
12. The complimentary room is to be used immediatly 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.

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 ` 1,000/- plus taxes.
6. The obove 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 2012.
12. The complimentary room is to be used immediatly 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.

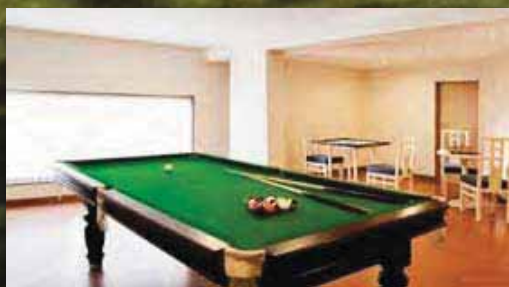
Terms & Conditions:

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 ` 1,000/- plus taxes.
6. The obove 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 2012.
12. The complimentary room is to be used immediatly 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.

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 - Aurangabad





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
Website : www.vedanthotels.com

