

# 30<sup>th</sup> Annual Report

## 2009-2010

### FORTUNE INN HAVELI



### GANDHINAGAR HOTELS LIMITED

# **GANDHINAGAR HOTELS LIMITED**

## **BOARD OF DIRECTORS**

Major Vinodchandra P Joshi (Retd.)	Chairman & Managing Director
Mr. Pritesh V Joshi	Vice Chairman & Jt. Mg. Director
Smt. Pragnaben V Joshi	Director
Mr. Viral V. Joshi	"
Mr. Dilipkumar K Trivedi	"
Mr. Popatbhai V Patel	"
Wg. Cdr Manik Anchalia	"
Mr. Dinesh M. Mundra	Additional Director w.e.f. 8-3-2010
Mr. Prakash G. Ramrakhiani	Additional Director w.e.f. 8-3-2010
Mr. Yogeshchandra Joshi	Additional Director w.e.f. 8-3-2010

## **AUDITORS**

M/s. Manoj Lekinwala & Co.,  
Chartered Accountants

## **REGISTERED OFFICE**

Plot No. 235, Sector 11  
"Fortune Inn Haveli"  
CH - Road,  
Gandhinagar - 382 011 (Gujarat)  
Phone - +91 79 3984 2102  
Fax - +91 79 3984 2121  
E Mail: ufc.fih@fortunehotels.in

## **BANKERS**

State Bank of India  
HDFC Bank Ltd.  
Bank of Baroda  
Gandhinagar Nagarik Co-op. Bank Ltd.

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**NOTICE**

NOTICE is hereby given that the 30<sup>th</sup> Annual General Meeting of members of the Company will be held on Monday, 30<sup>th</sup> August, 2010 at 4:00 P.M. at "Fortune Inn Haveli", Plot No. 235, Sector-11, Gandhinagar 382011, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Accounts for the year ended 31<sup>st</sup> March, 2010 together with the Report of the Board of Directors and Auditors as on date.
2. To declare Dividend for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Popatbhai Vitthaldas Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. Pragnaben V. Joshi, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint Auditors of the Company and to authorise the Board to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification/s, the following resolutions as an Ordinary Resolution :

"RESOLVED THAT Mr. Prakash G. Ramrakhiani, who was appointed as an Additional Director of the Company by the Board of Directors of the Company w.e.f. 8<sup>th</sup> March, 2010 and who holds office upto the forthcoming Annual General Meeting under section 260 of the Companies Act, 1956 and for whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification/s, the following resolutions as an Ordinary Resolution :

"RESOLVED THAT Mr. Yogeshchandra Joshi, who was appointed as an Additional Director of the Company by the Board of Directors of the Company w.e.f. 8<sup>th</sup> March, 2010 and who holds office upto the forthcoming Annual General Meeting under section 260 of the Companies Act, 1956 and for whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification/s, the following resolutions as an Ordinary Resolution :

"RESOLVED THAT Mr. Dinesh M Mundra, who was appointed as an Additional Director of the Company by the Board of Directors of the Company w.e.f. 8<sup>th</sup> March, 2010 and who holds office upto the forthcoming Annual General Meeting under section 260 of the Companies Act, 1956 and for whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. To consider and if thought fit to pass with or without modification/s the following resolution as an Ordinary Resolution :

**Increase in Authorized Share Capital of the Company :**

"RESOLVED THAT in accordance with the provisions of Sections 16 & 94 and all other applicable provisions, if any, of the Companies Act, 1956 including statutory modifications or re-enactment thereof for the time being in force and Article 4 of Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby

increased from Rs. 12,00,00,000 /-(Rupees twelve Cores only) divided into 1,14,00,000 ( One Crore fourteen lacs) Equity Shares of Rs.10/- each and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each to Rs. 20,00,00,000 /-(Rupees Twenty Cores Only) divided into 1,94,00,000 (One Crore Ninety four Lacs Only) Equity Shares of Rs.10/- each, and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each

RESOLVED FURTHER THAT the existing Clause V of Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the new Clause V as follows :

“The Authorised Share Capital of the Company shall consist of Rs. 20,00,00,000/-(Rupees Twenty Cores Only) divided into 1,94,00,000 (One Crore ninety four Lacs only ) Equity Shares of Rs.10/- and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each with rights privileges and conditions of the company at the time of the issue, with power to increase and reduce the capital for the time being into several classes and to attach thereto respectively such preferential deferred, guaranteed, qualified or special rights, privileges and conditions, as may be determined by the Board of Directors of the Company and to vary modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may, for the time being be provided by the resolution of the Board of Directors of the company.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do such other acts and deeds as may be necessary to give effect to this Resolution”.

By Order of the Board,  
For, **GANDHINAGAR HOTELS LTD**

**Place:** Gandhinagar  
**Date :** 16.07.2010

**Major Vinodchandra P Joshi (Retd.)**  
*Chairman & Mg Director*

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DULY FILED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY **NOT LATER THAN 48 HOURS** BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Share Transfer Books and the Register of Members of the Company shall remain closed from Monday, 23<sup>rd</sup> August, 2010 to Monday 30<sup>th</sup> August, 2010(Both days Inclusive).
3. The dividend as recommended by the Directors, if approved, at the Annual General Meeting, will be paid at par
  - a) To those members who holds shares in physical form and whose name/s appear on the Company's register of Members as holders of shares on Saturday 21<sup>st</sup> August, 2010
  - b) In respect of Shares held in electronic form, to the beneficial owners of shares as the close of business hours on Saturday, 21<sup>st</sup> August, 2010 as per the details furnished by NSDL & CDSL through Registrar & Transfer Agent.
4. Member are requested to notify change in address, if any, in immediately to the Register of the Company M/s. Link In time India Pvt. Ltd., 211, Sudarshan Complex, Nr Mithakhali, Under bridge, Ahmedabad 380009. Telephone: 079-26465179 Contact : Mr. Hitesh Patel Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

**EXPLANATORY STATEMENT**  
**(Pursuant to Section 173 of the Companies Act, 1956 and further information pursuant to**  
**Clause 49 of the Listing Agreement)**

**Item No: 3**

Mr. Popatbhai Vitthaladas Patel aged about 62 years. He is graduate in Commerce and having a very vast experience about 30 years. He has performed his duties as MLA of Gandhinagar. He has good command over account and handling audit committee. The Company wants to avail benefits of his experience and practical approach, therefore the Board Recommends his reappointment.

None of the Directors is Concerned or Interested as in the said Resolution.

**Item No: 4**

Smt. Pragnaben V. Joshi is aged about 62 years and she is post graduate in Economics. She is Promoter Director of the Company having wide experience in the hotel industry and she is looking after housekeeping functioning and reporting of the Company.

Major Vinodchandra P. Joshi (retd.), Mr. Pritesh V. Joshi and Viral V. Joshi are concerned or interested in the said Resolution, except them none of the Directors are interested.

**INFORMATION AS REQUIRED UNDER CLAUSE 49 (IV) (G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING RE APPOINTMENT AT FORTHCOMING ANNUAL GENERAL MEETING:**

<b>Name of the Director</b>	<b>Mr. Popatbhai V. Patel</b>	<b>Smt. Pragnaben V. Joshi</b>
Date of Birth	31/03/1948	16/09/1947
Date of Appointment	04/06/1983	04/06/1983
Qualification	B.Com	M.A. With Economics
Expertise in specific functional area	Performed his duty as an ex. MLA and having 28 years experience.	Total 30 years experience in the relevant field
Directorship held in other Companies (Excluding Private & foreign Co.)	Gujraj Resorts Limited	Gandhinagar Leasing & Finance Limited

**Item No: 6**

Mr. Prakash G. Ramrakhiani is a retired IAS of Gujarat Government was appointed on the Board as an additional Director w.e.f. 8-3-2010 and the Company has received a Notice of his candidature as required under the Companies Act, 1956. The Board recommends to members his appointment as a Director of the Company.

**Item No: 7**

Mr. Yogeshchandra Joshi was appointed on the Board as an additional Director w.e.f. 8-3-2010. He has very vast experience in hotel Management and is Managing Director of a 5 star hotel at Baroda which has management tie up with TAJ group. The Company has received a Notice of his candidature as required under the Companies Act, 1956. The Board recommends to members his appointment as a Director of the Company.

**Item no: 8**

Mr. Dinesh M. Mundra was appointed as an additional Director w.e.f. 8-3-2010 and is also a member of Audit Committee and Investors Grievance Committee. He has done his M.B.A. and has a very good background of Finance as well as accounting. The Company has received a Notice of his candidature as required under the Companies Act, 1956. The Board recommends to members his appointment as a Director of the Company.

**Item no: 9**

The present Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Cores only) divided into 1,14,00,000 ( One Crore Fourteen Lacs) Equity Shares of Rs.10/- each and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each.

The Company is considering various projects for expansion and diversification, which include hotel Projects in GIFT (Gujarat International finance Tech-City) which is going to be India's first integrated global financial and technology city which will consist of an international financial city segment, a domestic finance segment, a technology park and an integrated township and also, acquisition of some projects under implementation and this will require funds which is proposed to be raised through increase of equity capital, internal accrual and debt, it is therefore, proposed to increase the Authorised Share Capital of the Company to Rs. 20,00,00,000/- (Rupees Twenty Cores only) divided into 1,94,00,000 ( One Crore ninety four Lacs ) Equity Shares of Rs.10/- each, and 6,00,000 (Six Lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each in order to facilitate further issue of capital.

Consequent upon the increase in Authorised Share Capital of the Company, the Memorandum of Association of the Company will have to be altered so as to reflect the increased Authorised Share Capital as set out in Item No. 9 of the accompanying notice, as per requirement of the Companies Act, 1956 share capital and alteration of Memorandum of Association can be by ordinary resolution. Accordingly the same are placed before you.

Your Directors recommend the Resolutions as set out in Item No. 9 for your approval and none of the Directors of the Company is, in any way, concerned or interested in the above Resolutions except as any other shareholder of the Company.

By Order of the Board,  
For, **GANDHINAGAR HOTELS LTD**

**Place :** Gandhinagar  
**Date :** 16.07.2010

**Major Vinodchandra P Joshi (Retd.)**  
*Chairman & Mg Director*

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

**FINANCIAL RESULTS****(Rs. In Lacs)**

Particulars	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Profit before Depreciation, interest and taxation (EBIT)	335.50	190.41
Less : Depreciation	199.81	160.64
Less : Interest	59.01	1.24
Profit Before tax (PBT)	76.68	28.53
Provision for taxation	17.30	11.15
Deferred tax expenses	07.28	- 5.26
Profit after tax (PAT)	44.92	22.64
(Deficit) / surplus brought form previous period	39.37	19.04
Proposed Dividend	42.24	0.00
Tax on dividend ( dividend distribution tax)	7.18	0.00
Balance carried to the Balance sheet	<b>42.05</b>	<b>41.68</b>

**REVIEW OF OPERATIONS**

During the year under review the performance of the Company was up to the mark due to various initiative of Gujarat Government for development of tourism give positive results for the Current financial year. The Company has implemented Management agreement with Fortune Park Hotels which also give boost to Marketing and operational Activity of the Company. The Company has earned gross revenue of Rs. 335.50 Lacs for the financial year 2009-2010 which is Rs. 190.41 Lacs in previous year showing 70% rise in the gross revenue of the Company.

**PARTICULARS OF EMPLOYEES**

There were no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) rules, 1975 hence, particular are not given for the same.

**DIVIDEND**

Your Directors are pleased to recommend payment of Dividend of Rs. 0.50 per share of Rs. 10/- each (i.e. 5%), on the equity shares of the Company. And also the arrears on preference shares for earlier years as well as for current year. The dividend, together with tax on dividend, will absorb a sum of Rs. 49.42 Lacs.

**INSURANCE**

The Company has taken all necessary steps to insure its properties and insurable interest as deem appropriate and as required to have under various statutory and other requirement.

**DIRECTORATE**

Mr. Popatbhi Vitthaladas Patel and Smt. Pragnaben V. Joshi are due to retire by rotation at ensuing Annual General Meeting and are eligible for reappointment.

Mr. Prakash G. Ramrakhiani, Mr. Dinesh M. Mundra and Mr. Yogeshchandra Joshi were appointed as additional Directors of the Company w.e.f. 8-3-2010.



**AUDIT COMMITTEE**

The Company has formed the audit committee as per the provisions of section 292 A of the Companies Act, 1956 and clause 49 of the listing agreement. The Audit committee consists of the following members:

<b>AUDIT COMMITTEE</b>	
Mr. Popatbhai V. Patel	Chairman
Mr. Dilipkumar K Trivedi	Member
Mr. Dinesh M Mundra	Member

**DIRECTOR'S RESPONSIBILITY STATEMENT**

As Required under Section 217(2AA) of the Companies Act 1956, We hereby state that :-

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation read with the notes to the accounts relating to material departures;
2. That the Directors have 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 as at 31<sup>st</sup> March, 2010 and of the profits of the Company for the year end on that date.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has been engaged in hotel industry. The source of energy for the Company is Electricity and Gas. The Electricity charges contribute major portion of expenses of the Company. In view of this, your Board is striving for the conservation of Electricity under the supervision of one senior Executive on a continuous basis, to achieve optimum consumption of electricity and other fuels.

The other information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable to the Company and hence disclosure is not made regarding technology absorption. The details of foreign exchange earnings and outgo are as under:

<b>Foreign Exchange Earned</b>	NIL
<b>Foreign Exchange out go</b>	Rs. 0.60 lacs

**DEPOSITS**

The Company has not accepted deposits from the public within the meaning of provisions of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

**AUDITORS**

M/s Manoj Lekinwala & Co. Chartered Accountants, Gandhinagar, Statutory Auditors of the Company retire at the ensuing Annual General Meeting. The Audit Committee has recommended to the Board the re-appointment of M/s Manoj Lekinwala & Co. as statutory Auditors along with M/s. G. J. Raghvani & Co. to be appointed as joint Auditors of the Company and you are requested to consider their re-appointment along with joint Auditor. The Auditors have given the certificate that the re-appointment, if made, will be within the prescribed limit specified under section 224 (1B) of the Companies Act, 1956.

The Auditors' observations read with the Notes to the accounts are self explanatory.



**REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS**

As required under Clause 49 of the Listing Agreement, your Company has already implemented Corporate Governance for the financial year 2009-2010. A Management Discussion and Analysis Report along with detailed report on Corporate Governance attached with this Report and form part of the Annual Report.

**ACKNOWLEDGMENTS**

Your Directors place on record their sincere appreciation for the service and co-operation extended by the Government Departments, State Bank of India, financial institutions, business associates and continue support of the employees at all levels and all the investors of the Company, which helped the Company to sustain its growth even during the challenging times.

For and on behalf of the Board,  
For, **GANDHINAGAR HOTELS LTD**

**Place :** Gandhinagar  
**Date :** 16/07/2010

**Major Vinodchandra P Joshi (Retd)**  
*Chairman & Mg Director*

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management discussion covers the financial results and other developments during April, 2009 to March, 2010 in respect of the Company. Some statements discussion describing the projection may be forward looking actual results may be forward looking actually may different materially on account of various external factors such as government regulations, tax regimes, changes in demand and supply constrains and other identical factors.

### Overview

The Hotel Haveli as of now is "Fortune Inn Haveli" is a 3 star contemporary upscale business hotel. The location of the hotel is at Gandhinagar. Our hotel is targeted with a prime focus on business travelers both domestic and foreign traveling to state capital. We had built our hotel in the year 1991 and have upgraded our hotel facilities in the year 2008-09.

### Industry structure

The Global financial crises affected the growth in tourism in 2008-2009. The ministry of tourism including a series of promotional initiative to counter the impact of slowdown and to develop the world class infrastructure and hence so far as hotel industry is concern it register the positive growth for the financial year 2009-2010.

### Prospects

The Company has entered in to agreement of Technical Audit, Pre-opening, Marketing and Operational Services with fortune park hotels Limited.

Fortune is a well-known brand of ITC Limited and has more than 115 hotels operating under its Umbrella. Fortune is a prominent brand in Indian Hotel industry. Fortune group shall assist in marketing and operating of our hotel in order to improve the occupancy levels.

Thus the hotel has dual advantage for its business which is its benefit of location nearby GIFT city to be developed by Gujarat govt. and the brand name of Fortune with efficient and well trained staff gives profitable opportunity to the Company in upcoming years.

### Opportunities, Threats, Risks and concerns

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Hotel is conveniently located to cater to business and other guests.</li> <li>- Existing Profit generating Hotel-</li> <li>- Experienced Management Team and Motivated Work Force</li> <li>- Capacity of Standard Room for availing large Client base.</li> </ul>	<ul style="list-style-type: none"> <li>- Frequent Changes in lower category of staff</li> <li>- High tax structure in the business including luxuries tax and other taxes</li> <li>- Increasing in the Operating cost of the Company and other fix expenses</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Sales and Marketing arrangement with fortune parks Hotels Limited Gives very vast opportunity.</li> <li>- The Focus on Corporate Clients which tend to increase in Gandhinagar due to GIFT project of Gujarat Govt.</li> <li>- Strong Brand Tie-up</li> <li>- Raising Income level attract the business</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing Competition in hotel business</li> <li>- The business largely depends on corporate events and affected by govt. Policies.</li> <li>- Increasing cost of Raw Materials</li> <li>- Increase in cost of maintenance</li> </ul>