

31st Annual Report

2010-2011

FORTUNE INN H A V E L I



GANDHINAGAR HOTELS LIMITED

GANDHINAGAR HOTELS LIMITED

BOARD OF DIRECTORS

| | |
|----------------------------|----------------------------------|
| Mr. Pritesh V Joshi | Vice Chairman & Jt. Mg. Director |
| Smt. Pragnaben V Joshi | Director |
| Mr. Dilipkumar K Trivedi | Director |
| Mr. Popatbhai V Patel | Director |
| Wg. Cdr Manik Anchlia | Director |
| Mr. Dinesh M. Mundra | Director |
| Mr. Prakash G. Ramrakhiani | Director |
| Mr. Yogeshchandra Joshi | Director |

AUDITORS

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

M/s. GJK Associates
Chartered Accountants
Gandhinagar

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: accounts.fih@fortunehotels.in

BANKERS

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

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of members of the Company will be held on Friday , 30th September, 2011 at 11.00 A.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 31st March, 2011 together with the Report of the Board of Directors and Auditors as on date.
2. To appoint a Director in place of Mr. Dilipkumar K. Trivedi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Wg. Cdr. Manik Anchlia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification/s, the following resolutions as Special Resolution

"RESOLVED THAT subject to the provisions of the Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and further to such approvals, consents and permissions, if any required, consent of the company, be and is hereby accorded to designate Mr. Pritesh V. Joshi as Chairman Cum Managing Director from his earlier designation of Joint Managing Director, without affecting his tenure and terms of appointment as Joint Managing Director."

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

Place: Gandhinagar
Date : 30.08.2011

Pritesh V Joshi
Vice Chairman & Jt. 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 Wednesday, 28th September, 2011 to Friday, 30th September, 2011 (Both days Inclusive).
3. Member are requested to notify change in address, if any, in immediately to the Registrar 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

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

Item No: 2

Shri Dilipkumar K Trivedi aged about 55 years and is commerce and law graduate. He is whole time employment of the company and was appointed as Directors (Accounts) for a period of five years w.e.f 01.09.2009. The Board recommends his re-appointment

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

Item No: 3

Wg. Cdr. Manik Anchlia aged about 63 years has rich experience in various business. He is director in Gandhinagar Leasing and Finance Limited, Gandhinagar, Who has consented to continue as its nominee on the Board of Gandhinagar Hotels Limited. The Board recommends his re-appointment.

None of the Directors is concerned or interested in the said Resolution.

Item No: 5

The office of Chairman cum Managing Director vacated due to death of Major Vinodchandra P Joshi. The Board of Directors have decided to elevate the Joint Managing Director Shri Pritesh V Joshi and redesignate him as Chairman cum Managing Director of the company without affecting his current tenure and terms of appointment as Joint Managing Director.

None of the Directors is concerned or interested in the said Resolution except Smt. Pragnaben V Joshi as relative of Shri Pritesh V Joshi.

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

| Name of the Director | Dilipkumar K Trivedi | Wg. Cdr. Manik Anchlia |
|---------------------------------------|-----------------------------|---|
| Date of Birth | 18/02/1955 | 25/07/1944 |
| Date of Appointment | 25/08/1999 | 30/09/1993 |
| Qualification | Commerce and Law Graduate | |
| Expertise in specific functional area | 30 years Experience | 30 years Experience |
| Directorship held in other Companies | | Gandhinagar Leasing and Finance Limited |

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

Place: Gandhinagar
Date : 30.08.2011

Pritesh V Joshi
Vice Chairman & Jt. Mg. Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Accounts for the year ended 31st March, 2011

FINANCIAL RESULTS

| Particulars | (Rs. In Lacs) | |
|--|--|--|
| | For the year ended 31st March, 2011 | For the year ended 31st March, 2010 |
| Profit before Depreciation, interest and taxation (EBIT) | 506.48 | 335.50 |
| Less : Depreciation | 286.72 | 199.81 |
| Less : Interest | 132.32 | 59.01 |
| Profit Before tax (PBT) | 85.03 | 76.68 |
| Provision for taxation | 15.77 | 17.30 |
| Deferred tax expenses | 46.32 | 07.28 |
| Profit after tax (PAT) | 22.95 | 44.92 |
| (Deficit) / surplus brought form previous period | 42.37 | 39.37 |
| Proposed Dividend | 0.00 | 42.24 |
| Tax on dividend (dividend distribution tax) | 0.00 | 7.18 |
| Balance carried to the Balance sheet | 65.32 | 42.05 |

REVIEW OF OPERATIONS

During the year under review the performance of the Company was up to the mark due to growing industrialization in the state of Gujarat and various initiative of Gujarat Government for development of tourism give positive results for the Current financial year. The Company has earned gross revenue of Rs. 506.48 Lacs for the financial year 2010-2011 which was Rs. 335.50 Lacs in previous year showing 51% 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

In cater the finance requirement of business operations Your Directors do not recommend Dividend for the financial year ended on 31.03.2011.

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

During the year 2011, the sad demise of Chairman Major Vinodchandra P Joshi (Retd.) occurred. The company is highly indebted to him for his vision, commitment and services orientation implanted in the Company. The board of directors express sincere obituary to him.

During the year Mr. Viral V Joshi resigned from the directorship of the company due to his pre-occupancy.

Mr. Dlipkumar K Trivedi and Wg. Cdr. Manik Anchlia retire at ensuing Annual General Meeting and are eligible for reappointment.

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 following members:

AUDIT COMMITTEE

| | |
|--------------------------|----------|
| 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 has 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 31st March, 2011 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 contributes 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 particular 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:

| | |
|--------------------------------|--------------|
| Foreign Exchange Earned | NIL |
| Foreign Exchange out go | Rs.0.38 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 retires 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. K & Associates 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 2010-2011. 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.

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

Place : Gandhinagar
Date : 30.08.2011

Pritesh V Joshi
Vice Chairman & Jt. Mg. Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This Management discussion covers the financial results and other developments during April, 2010 to March, 2011 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" started its business operations in the year 1991 and upgrading its facilities and hospitality services on a year to year basis. The Hotel is a 3 star business hotel strategically located at Gandhinagar, the capital of state of Gujarat.

Industry structure

The year 2010-2011 witnessed an inclusive economic growth, especially state of Gujarat. The growing industrialization in the state of Gujarat helped the hotel industry to grow efficiently and rapidly. The overall year showed positive trend for hotel industry.

Prospects

The hotel industry is largely dependent on the growth of the other industries. The year 2010-2011 showed a rapid growth in other industries. During the year company has signed MOU with the Government of Gujarat for development of two 5 Star category hotels. The hotel business is likely to grow in recent future by offering excellent hospitality and quality services. The Company is committed to provide quality services.

Opportunities, Threats, Risks and concerns

The Company enjoys a fairly good position in the hotel industry with the Fortune Inn Haveli brand name. In view of the strategic plans and vision, the company is set to achieve higher rate of growth by catering needs and excelling in hospitality and services. In view of the rapid growth witnessed by other industry, the company expects to grow strongly.

| Strengths | Weaknesses |
|--|---|
| Hotel is conveniently located to cater to business and other guests. | Frequent Changes in lower category of staff |
| Existing Profit generating Hotel | High tax structure in the business including luxuries tax and other taxes |
| Experienced Management Team and Motivated Work Force | Increasing in the Operating cost of the Company and other fix expenses |
| Capacity of Standard Room for availing largeClient base. | |

| Opportunities | Threats |
|---|---|
| Sales and Marketing arrangement with fortune parks Hotels Limited Gives very vast opportunity. | Increasing Competition in hotel business |
| The Focus on Corporate Clients which tend to increase in Gandhinagar due to GIFT project of Gujarat Govt. | The business largely depends on corporate events and affected by govt. Policies |
| Strong Brand Tie-up | Increasing cost of Raw Materials |
| Raising Income level attract the business | Increase in cost of maintenance |

Internal Control Systems

The Company has adequate internal control systems in respect of efficiency of operation, financial reporting, compliance with laws etc. Exercises for safeguarding assets and protection against unauthorized use are undertaken. The Management review internal control system from time to time.

Review of Financial Performance

The Financial performance during the year ended 31st March, 2011 was satisfactory with compare to last financial year. The Company expects better performance in the years to come. During the year under review the Company has achieved a Net profit of Rs. 85.03 Lacs as Compared to Rs. 76.68 Lacs for last financial year.

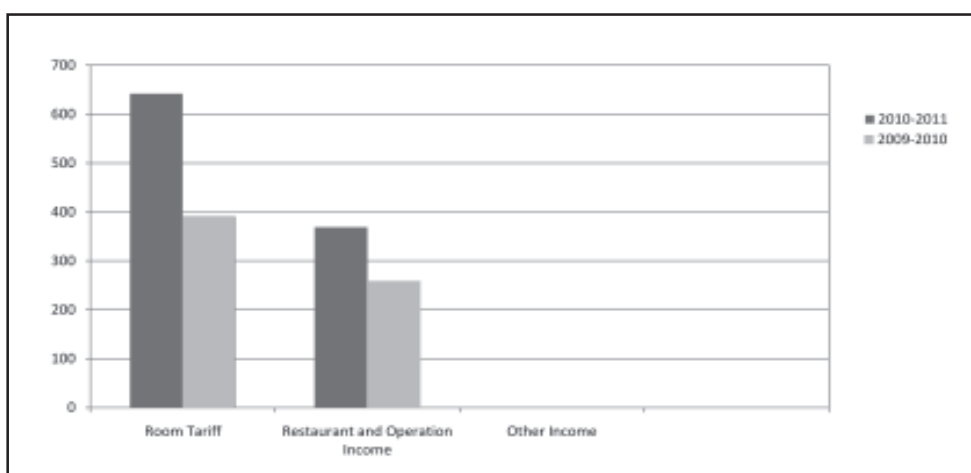
Human Resources

Our senior management team consists of experienced individuals with diverse skills in manufacturing, engineering, international business and finance. We believe that our employees are the key to the success of our business. We focus on hiring and retaining employees and workers who have prior experience in the hotel industry. The relations between the employees and the Management have remained cordial.

Segment Wise or product wise performance:

The details regarding Performance of various sources of the Company for current as well as last financial year is as under by way of graphical presentation:

Amt. in Rs. Lacs



REPORT ON CORPORATE GOVERNANCE

1. A brief statement on Company's philosophy on Corporate Governance:

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. We believe this organization has been handed to us by the various stock holders in "trust" and we professionals are the "trustee" of the stock holders.

- a. Improving the effectiveness of the Board of Directors in supervising management; and
- b. Improving the quality of information and communication with our stockholders along with enhancement of the value of the stock holders. Thus we believe in strong investor relation and defining the role and responsibility of employee for better Corporate Governance as stated in provisions of clause 49 of the listing agreement. The Company has also adopted code of Conduct for the directors and senior management personal.

2. Board of Directors**a) Composition**

The Company presently has eight directors on its Board. The Board has in charge executive Vice Chairman & Jt. Managing Director Mr. Pritesh V Joshi, and half of the total strength of the Board of Directors is independent and non Executive. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement. None of the non-executive Directors has material pecuniary relationship or transactions with the company. During the year under review five meetings of the Board were held in Gandhinagar on following dates:

7th April, 2010, 30th April, 2010, 16th July, 2010, 30th October, 2010 and 31st January 2011. The maximum gap between two board Meeting held during the year was not more than 4(four) months.

The Board Composition of the board and details of attendance of each director at the Board meeting, and at the last Annual General Meeting is as under as well as no of Board or Board Committee in which he/she is a member of chairperson:

| Name of Directors | Category | No. of Board Meetings attended | Attendance at the last AGM (Y/N) | Directorship in other public company | No. of Com Committees in which Chairman/ Member in other public company |
|------------------------------------|------------------------------|--------------------------------|----------------------------------|--------------------------------------|---|
| Major Vinodchandra P Joshi (Retd.) | CMD Exceutive Promoter | 5 | Y | 1 | 1 |
| Mr. Pritesh V. Joshi + | Jt. MD Executive Promoter | 5 | Y | 1 | 0 |
| Smt. Pragnaben V. Joshi | Executive Promoter | 5 | Y | 1 | 0 |
| Mr. Viral V. Joshi | Executive Promoter Group | 4 | Y | 1 | 1 |
| Mr. Dilipkumar K. Trivedi @+ | Executive Director | 5 | Y | 0 | 0 |