

# 32<sup>nd</sup> Annual Report

## 2011-2012

### FORTUNE INN H A V E L I



### GANDHINAGAR HOTELS LIMITED

# **GANDHINAGAR HOTELS LIMITED**

## **BOARD OF DIRECTORS**

Shri Pritesh V Joshi	Chairman & Managing Director
Smt. Pragnaben V Joshi	Director
Shri Dilipkumar K Trivedi	Director
Shri Popatbhai V Patel	Director
Wg. Cdr Manik Anchlia	Director
Shri Dinesh M. Mundra	Director
Shri Prakash G. Ramrakhiani	Director

## **AUDITORS**

M/s. G. C. Patel & Co.,  
Chartered Accountants

M/s. G J K & Associates  
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: [accounts.fih@fortunehotels.in](mailto:accounts.fih@fortunehotels.in)

## **BANKERS**

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

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**NOTICE**

NOTICE is hereby given that the 32nd Annual General Meeting of members of the Company will be held on Saturday, 29th September, 2012 at 11.30 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, 2012 together with the Report of the Board of Directors and Auditors as on date.
2. To appoint a Director in place of Shri P. G. Ramrakhiani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Dinesh M Mundra, 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.

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

**Place:** Gandhinagar  
**Date :** 14.08.2012

**Pritesh V Joshi**  
*Chairman & Managing 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, 26th September, 2012 to Saturday, 29th September, 2012 (Both days Inclusive).
3. Member are requested to notify change in address, if any, immediately to the Registrar of the Company M/s Link In Time India Pvt. Ltd., Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, B/h Shoppers Plaza II, off C G Road, 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: 2**

Shri P G Ramrakhiani aged about 72 years and is a retired IAS Officer from the Revenue Department of Government of Gujarat. He has a very rich experience in Finance and other fields. He was appointed with effect from 8th March, 2010 as an Independent Director of the Company.

He does not hold shares in the Company. The Board recommends his re-appointment.

None of the Directors, except Shri Ramrakhiani, is concerned or interested in the said Resolution.

**Item No: 3**

Shri Dinesh Mundra aged about 45 years is a MBA (Finance) and has rich experience in Finance and other fields. He does not hold shares in the Company. The Board recommends his re-appointment.

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

**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>Shri P G Ramrakhiani</b>	<b>Shri Dinesh Mundra</b>
Date of Birth	25.11.1940	03.08.1967
Date of Appointment	08.03.2010	08.03.2010
Qualification	I. A. S.	M. B. A.
Expertise in specific functional area	Retired as an IAS (Government of India)	15 years in Finance field
Directorship held in other Companies	1. Gujarat Ambuja Exports Ltd. 2. Eastern Medikit Ltd and 3. Zeta Investments Pvt. Ltd.	1. Vital Connections Pvt. Ltd. and 2. Innovative Healing Systems (Gujarat) Pvt. Ltd.

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

**Place:** Gandhinagar  
**Date :** 14.08.2012

**Pritesh V Joshi**  
*Chairman & Managing Director*

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report together with the Audited Accounts for the year ended 31st March, 2012

**FINANCIAL RESULTS**

(Rs. In Lacs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Profit before Depreciation, interest and taxation (EBIT)	<b>519.70</b>	506.48
Less : Depreciation	254.84	286.72
Less : Interest	170.62	132.32
Profit Before tax (PBT)	<b>91.85</b>	85.03
Provision for taxation	16.99	15.77
Deferred tax expenses	42.12	46.32
Earlier Year adjustment	-1.52	0.31
Profit after tax (PAT)	<b>31.21</b>	22.95

**REVIEW OF OPERATIONS**

The year under review was very turbulent with heavy global economic uncertainties. However, Government of Gujarat has taken various initiatives for development of tourism. The Company received good response from the tourists and achieved income of Rs.162.1 lacs against income of Rs.101.08 lacs achieved during the previous year. The Company has earned profit of Rs.91.85 lacs against profit of Rs.85.03 lacs earned during the previous year.

**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**

To cater the finance requirement of business operations your Directors do not recommend Dividend for the financial year ended on 31.03.2012.

**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**

Shri Yogeshchandra Joshi resigned with effect from 31.1.2012. The Board hereby conveys appreciation of the services rendered by him.

Shri P G Ramrakhiani and Shri Dinesh M Mundra retire at ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointments.

**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 consist of following members:

AUDIT COMMITTEE	
Shri P G Ramrakhiani	Chairman
Wg Cdr Manik Anchlia	Member
Shri 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, 2012 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:

<b>Foreign Exchange Earned</b>	Rs.0.31 lacs
<b>Foreign Exchange out go</b>	Rs.0.31 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 G C Patel & Co. Chartered Accountants and M/s G J K & Associates, Chartered Accountants, both at Gandhinagar and joint Statutory Auditors of the Company retire at the ensuing Annual General Meeting. The Audit Committee has recommended to the Board about their re-appointments. 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. You are requested to consider their re-appointments.

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 2011-2012. 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

**Place :** Gandhinagar

**Date :** 14.08.2012

**Pritesh V Joshi**

*Chairman & Managing Director*

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

This Management discussion covers the financial results and other developments during April, 2011 to March, 2012 in respect of the Company. Some statements discussion describing the projection may be forward looking. Actual results may be 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 is now known as "Fortune Inn Haveli" and which has started its business operations in the year 1991. The Company concentrates upgrading its facilities and hospitality services as a ongoing process. The Company's Hotel is a 4 star hotel strategically located at Gandhinagar, the capital of state of Gujarat.

**Industry structure**

The year 2011-2012 witnessed an inclusive economic growth, with the the growing industrialization in the state of Gujarat, attracting more and more tourists. This helped the hotel industry to grow efficiently and rapidly. The overall year showed positive trend for hotel business.

**Prospects**

The hotel industry is largely dependent on the growth of the other industries. The year 2011-2012 showed a rapid growth in other industries, particularly in the state of Gujarat. 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 near 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, 2012 was satisfactory with compared 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.91.85 Lacs as compared to Rs.85.03 Lacs for last financial year.

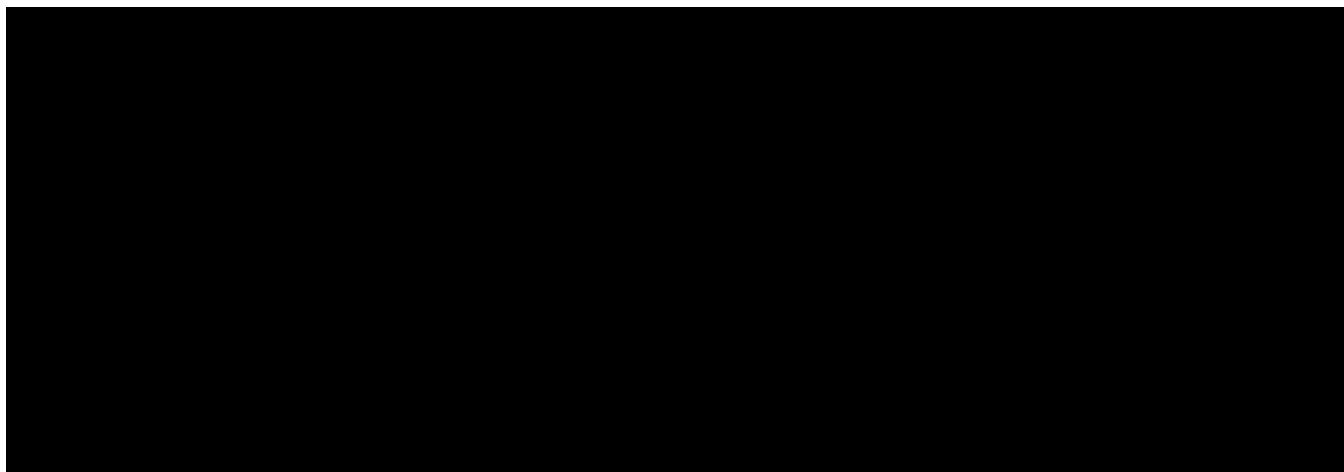
**Human Resources**

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.

- Improving the effectiveness of the Board of Directors in supervising management; and
- 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 seven directors on its Board. Shri Pritesh V Joshi is Chairman & Managing Director. 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 four meetings of the Board were held in Gandhinagar on following dates:

30th April, 2011, 31st July, 2011, 31st October, 2011 and 31st January, 2012. 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 Committees in which Chairman/ Member in other public company
Major Vinodchandra P Joshi (Retd.)	CMD Executive Promoter	1	N	1	1
Shri Pritesh V. Joshi +	Jt. MD Executive Promoter	4	Y	1	0
Smt. Pragnaben V. Joshi	Executive Promoter	4	Y	1	0
Shri Dilipkumar K. Trivedi @+	Executive Director	4	Y	0	0
Shri Prakash G Ramrakhiani	NED	4	1	1	0
Shri Yogeshchandra Joshi \$	NED	2	Y	1	1
Shri Popatbhai V. Patel @\$	NED	4	Y	1	0
Shri Dinesh M. Mundra @+	NED	4	Y	0	0
Wg. Cdr Manik Anchlia \$	NED	4	Y	1	1