

# 31<sup>st</sup> Annual Report

## 2010-2011

### FORTUNE INN HAVELI



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](mailto: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](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 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:**

<b>Name of the Director</b>	<b>Dilipkumar K Trivedi</b>	<b>Wg. Cdr. Manik Anchlia</b>
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 ERNINGS 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>	NIL
<b>Foreign Exchange out go</b>	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.

<b>Strengths</b>	<b>Weaknesses</b>
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.	

<b>Opportunities</b>	<b>Threats</b>
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.

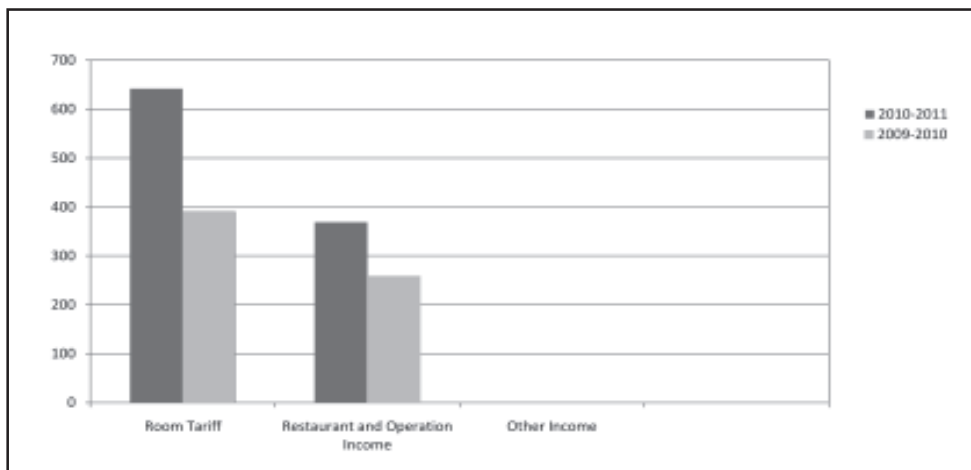
**Human Resources**

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 stack holders in "trust" and we professionals are the "trustee" of the stack 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 stack 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

Mr. Prakash G Ramrakhiani	NED	5	Y	1	0
Mr. Yogeshchandra Joshi \$	NED	5	Y	2	2
Mr. Popatbhai V. Patel @\$	NED	5	Y	1	0
Mr. Dinesh M. Mundra @+	NED	5	N	0	0
Wg. Cdr Manik Anchlia \$	NED	5	Y	1	1

Notes :

1. Mr. Viral Joshi resigned from the Board w.e.f. 20.01.2011
2. Office of Managing Director vacated due to death of Major Vinodchandra Joshi (Retd.) on 18.06.2011.

@ Member of Audit Committee	NED - Non Executive and Independent Director
\$ Member of Remuneration Committee	CMD - Chairman and Managing Director
+ Member of Investor Grievance Committee	Jt. MD - Joint Managing Director

b) Board Procedure :

The Board of Directors meets with detailed agenda for discussion and decision. The Directors actively take part in the discussion. All the decisions are taken unanimously. The terms of reference will, inter alia include the items covered under clause 49 of the Listing Agreements.

### 3. Audit Committee

a) Terms of Reference:

The Company has constituted an Audit Committee in terms of Section 292A of the Companies Act, 1956. The terms of reference including the matters conversed under Clause 49 of the Listing Agreements.

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observation of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entire, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any to review the Company's financial and risk management policies and discuss with the internal Auditors any significant findings for follow-up thereon, to review the quarterly, half and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personal and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

b) Composition:

The Audit Committee was reconstituted as required under Clause 49 of the Listing Agreement and presently comprises of following Directors:

#### AUDIT COMMITTEE

Mr. Popatbhai V. Patel	Chairman
Mr. Dilipkumar K Trivedi	Member
Mr. Dinesh M Mundra	Member

## c) Audit Committee Meetings:

During the year, Audit Committee met 4 times on 30th April, 2010, 16th July, 2010, 30th October, 2010 and 31st January, 2011 and all the members have attended the meeting.

**4. Remuneration Committee :**

The Company has formed Remuneration Committee and presently comprises of following Directors :

**REMUNERATION COMMITTEE**

Mr. Yogeshchandra T Joshi	Chairman	Non Executive independent director
Wg Cdr Manik Anchlia	Member	Non Executive independent director
Mr. Papatbhai V. Patel	Member	Non Executive independent director

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and reward merit.

**5. Remuneration of Directors**

The remuneration of the Managing Director and Non-Executive Director is approved by the Board of Directors and the Shareholders on recommendation by the Remuneration Committee. The Managing Director is paid by way of salary, perquisites based on his contract. The annual increment for the Managing Director is approved by the Board annually. Details of remuneration paid to the Directors for the year 2010-2011.

Details of remuneration paid to the Directors for the year 2010-2011.

Name of the Directors	Salary Rs.	Perquisites Rs.
Major Vinodchandra P Joshi (Retd.) Chairman & Managing Director	18,00,000 /-	8,400/-
Mr. Pritesh V Joshi Vice Chairman & Jt. Managing Director	7,20,000/-	8,400/-
Mr. Viral V. Joshi	2,70,000/-	8,400/-
Mr. Dilipkumar K Trivedi	3,95,000/-	8,400/-

**6. Shareholders Grievance Committee**

The complaints relating to the split, issue of duplicate share certificate and complaints relating to non receipt of share certificate, non receipt of Annual Reports etc and other investor's grievances incidental thereto have been entrusted with the shareholders/Investors Grievance committee.

**INVESTORS GRIEVANCE COMMITTEE**

Mr. Dinesh M. Mundra	Chairman	Non Executive independent director
Mr. Dilipkumar K Trivedi	Member	Compliance officer – Director
Mr. Pritesh V Joshi	Member	Executive Director

There is no share transfer pending as on 31.03.2011. Mr. Dilipkumar K Trivedi has been designated as a Compliance Officer. The details of complaints received and solved to the satisfaction of shareholders are as under :

Nature of Complaints	Received	Cleared
Non receipt of Annual Report	4	4
Misc like Dividend etc	1	1
Total	5	5

## 7. General Body Meetings

The details of the location and time for last three Annual General Meetings are given as under:

Year	Location/Venue	Date	Time	No. & Particulars of Special Resolution
2007-2008	Plot No. 235, Hotel Haveli, Sector-11, Gandhinagar	30.09.2008	11.00 a.m.	1. To re-appoint Major Vindochandra P. Joshi as Chairman & Managing Director and to pay managerial remuneration.
2008-2009	Plot No. 235, Hotel Haveli, Sector-11, Gandhinagar	30.09.2009	11.00 a.m.	1. To Appoint Mr. Pritesh V. Joshi as Jt. Managing Director and payment of remuneration 2. Re-appointment of Mr. Dilipkumar K Trivedi as Director.
2009-2010	Plot No. 235, Fortune Inn Haveli, Sector-11, Gandhinagar	30.08.2010	4.00 p.m.	1. Alter Clause V of the Memorandum of the Company.

No Resolution was passed at the last Annual General Meeting by Postal Ballot.

## 8. Disclosures:

### A. Disclosure on materially significant related party transactions:

The details of related party transaction and disclosures of transactions with related parties entered into by the Company in the normal Course of the business are given in the Notes of Accounts.

### B. Details of Compliance with Mandatory standards:

All the Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company.

### C. There were no instances of penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any matter related to capital markets, during the three years.

## 9. Means of Communication :

- Half yearly Results are not sent to each household of shareholders.
- The Website of the Company is under construction in which it will be displayed.
- The Management Discussion and analysis (MD & A) is a part of the Annual Report.
- The quarterly results are regularly sent to Bombay Stock exchange for the information of shareholders in soft as well as hard Copy.

## 10. CEO/CFO Certification :

The CEO/CFO has reported to the Board of Directors of the Company regarding true and fair view of the Company.

## 11. General Shareholders Information :

### a) Annual General Meeting :

The 31st Annual General Meeting will be held on Friday, 30th September, 2011 at 11.00 A.M. at "Fortune Inn Haveli", Plot No. 235, Sector – 11, Gandhinagar 382011.

b) **Dates of Book Closure :**

The Share Transfer Books and the Register of Members shall remain closed from Wednesday 28th September, 2011 to Friday, 30th September, 2011 (Both days inclusive.)

c) **Financial Calendar for the year 2011-2012 (Provisional)**

Results for the	By the end of
Quarter ending 30th June, 2011	July, 2011
Quarter ending 30th September, 2011	October, 2011
Quarter ending 31st December, 2011	January, 2012
Quarter ending 31st March, 2012.	April, 2012

d) **Share Transfer System :**

The Company has appointed M/s Link intime India Pvt Limited as Registrar and Share Transfer Agent. The Company has also entered into necessary tri party agreements with the NSDL and CDSL and allotted ISIN INE853H01019. The Share Transfers are normally approved and returned within 15-30 days provided the documents received are valid in all respects.

e) **Listings :**

The Company's shares are listed with the Stock Exchanges at Mumbai (Bombay Stock Exchange). The Company has paid listing fees to the Bombay Stock Exchange Ltd, Mumbai up to the F.Y 2011-2012.

f) **High/Low quotation of the Equity Shares for the Last financial year i.e. 2010-2011:**

Month	High Price	Low Price
Apr-10	77.50	56.00
May-10	89.00	65.30
Jun-10	135.00	84.55
Jul-10	239.90	122.60
Aug-10	239.70	161.85
Sep-10	206.35	165.90
Oct-10	238.00	185.00
Nov-10	270.00	177.55
Dec-10	242.90	134.20
Jan-11	218.40	136.10
Feb-11	148.00	70.80
Mar-11	118.00	64.00

g) **Stock Code: 530237**h) **Distribution of Shareholdings as on 31.03.2011**

Authorized Share Capital : Rs. 20,00,00,000  
 (Equity Share Capital : 19,40,00,000/- divided into 1,94,00,000 Equity Shares of Rs.10/- each)  
 (Preference Share Capital : Rs.60,00,000/- divided into 6,00,000 Preference Shares of Rs.10/- each)

Issued, Subscribed &  
 Paid Up Eq. Share Capital : Rs. 6,77,50,000

**Listed Share Capital : Rs. 6,77,50,000**

Sr. No.	Shareholding No of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Holding	
1.	1	500	1650	81.6430	248555	3.6690
2.	501	1000	134	6.6300	109282	1.6130
3.	1001	2000	92	4.5520	134193	1.9810
4.	2001	3000	27	1.3360	66199	0.9770
5.	3001	4000	16	0.7920	54371	0.8030
6.	4001	5000	17	0.8410	77696	1.1470
7.	5001	10000	34	1.6820	254426	3.7550
8.	10001	999999999	51	2.5240	5830278	86.0560
<b>Total</b>		<b>2021</b>	<b>100.00</b>	<b>6775000</b>	<b>100.00</b>	

## i) Distribution of total Shareholding as on 31.03.2011

Sr.	Category	No. of Shares held	% of Shareholding
1.	Indian Promoters	1897698	28.01
2.	Corporate Body ( Promoter Co)	1834800	27.08
3.	Hindu Undivided Family (HUF)	6000	0.09
4.	Others bodies Corporate	733109	10.82
5.	Indian Public	2058154	30.38
6.	Public Category (NRI)	204519	3.02
7.	Clearing Member	40720	0.60
<b>Total</b>		<b>6775000</b>	<b>100.00</b>

j) List of Directors holding shares 1% or more as on 31<sup>st</sup> March, 2011:

Name of the shareholder	No of Shares	%
Vinodchandra Punjaram Joshi	<b>924783</b>	<b>13.65</b>
Pragnaben Vinodchandra Joshi	<b>785515</b>	<b>11.59</b>
Viral V. Joshi	<b>153500</b>	<b>2.27</b>

- k) 1) Name of CEO
- Major Vinodchandra P Joshi(Retd.),  
Chairman & Managing Director  
(Till 18.06.2011)  
Mr. Pritesh V Joshi  
Vice Chairman and Joint Managing Director  
(w.e.f. 18.06.2011)
- 2) Name of CFO &  
Compliance Officer
- Mr. Dilipkumar Trivedi  
Executive Director (Accounts)

- l) 1) Hotel Location  
Fortune Inn Haveli  
Plot No. 235,  
Sector - 11, 'CH' Road,  
Gandhinagar 382 011  
(Gujarat)  
Phones : 079-39842102  
Fax : +91 79 39842121
- 2) Registered Office  
As above
- 3) Share Transfer Agent  
M/s. Link Intime India Pvt. Ltd.  
211, Sudarshan Complex,  
Near Mithakhali Underbridge,  
Navrangpura,  
Ahmedabad 380 009
- Contact person : Mr. Hitesh Patel  
E Mail : [ahmedabadbad@linkintime.co.in](mailto:ahmedabadbad@linkintime.co.in)



**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

To  
The Members of  
Gandhinagar Hotels Ltd

We have reviewed the implementation of Corporate Governance procedures by Gandhinagar Hotels Limited (the Company) for the year ended on 31 March, 2011, with the relevant records and documents maintained by the Company, Furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination Was limited to procedure 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. We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been Complied with in all material respects by the Company.

**For GJK Associates**  
Chartered Accountants

For, **Manoj Lekinwala & Co.,**  
Chartered Accountants

**Place:** Gandhinagar  
**Date:** 30.08.2011

**G. J. Raghvani**  
Partner

**Manoj H Lekinwala**  
Proprietor

**CEO CERTIFICATION**

The Board of Directors,  
**Gandhinagar Hotels Limited.**  
Plot No. 235, Sector 11  
"Fortune Inn Haveli" CH - Road,  
Gandhinagar - 382 011 (Gujarat)

Re: Financial Statements for the year 2010-2011 - Certification by CEO.

I, Pritesh V Joshi, Joint Managing Director of Gandhinagar Hotels Limited, on the basis of review of the financial statements and the Cash Flow Statements for the financial year ending 31st March, 2011 and to the best of my knowledge and belief, I hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 which is fraudulent, illegal or violate of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in design or operation of the internal control systems and that I have taken required steps to rectify these deficiencies.
5. I further certify that :
  - a. there have been no significant changes in internal control during this year.
  - b. there have been no significant changes in accounting polices during the year.
  - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or employee having significant role in the Company's internal control systems.

Place: **Gandhinagar**  
Date: **30th August, 2011**

**Pritesh V Joshi**  
*Joint Managing Director*

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**AUDITOR'S REPORT**

To  
The members of  
GANDHINAGAR HOTELS LIMITED  
Gandhinagar

- (1) We have audited the attached Balance Sheet of M/S. **GANDHINAGAR HOTELS LIMITED**, as 31st March, 2011. The Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We have conducted 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 statements presentation. We believe that our audit provides reasonable basis for our opinion.
- (3) As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors Report) Amended order 2004 issued by the Central Government of India in terms of section 227(4A) of The Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we enclose in the annexure a statement on the matters specified in paragraphs (4) and (5) of the said order to the extent applicable to the Company, for the year under consideration.
- (4) Further to our report as stated above in para (3) of this report and subject to notes on accounts & significant accounting policies, we further broadly report that :-
- 4.1 In our opinion and to the best of our information and according to the explanations given to us Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on 31-3-2011 and Cash Flow statement dealt by this report, read with the notes to Accounts and Accounting policies, comply with the applicable Accounting Standards defined in Sub Section (3C) of Section 211 of the Companies Act, 1956. And gives information required by the Companies Act, 1956 in the manner so required.
- 4.2 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 4.3 In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- 4.4 The Balance Sheet, Profit and Loss Account & Cash Flow statement dealt with by this report are in agreement with the books of accounts of the Company.
- 4.5 Based on the representations made by all the Directors of the Company and taken on records by the Board of Directors of the company and in accordance with the information and explanations as made available, the Directors of the Company do not, prime facie, have any disqualification as referred to in clause (q) of subsection 274 of the Act.
- 4.6 In our opinion and the best of our information and according to the explanation given to us, the said accounts, subject to notes to the accounts and the accounting policies, 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 :-

- 1) In the case of Balance sheet, of the state affairs of the Company as 31st March, 2011;
- 2) In the case of Profit and Loss Account of the Company of the profit earned by the company for the Financial year ended on 31st March, 2011.
- 3) In the case of Cash Flow statement of the company for the financial year 2010-2011.

**For G J K ASSOCIATES**  
*Chartered Accountants*

For **Manoj Lekinwala & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

**Date :** 30.08.2011

**G. J. Raghavani**  
*Partner*  
Membership No : 37210

**( CA Manoj H. Lekinwala )**  
*Proprietor*  
Membership No : 37663

**ANNEXURE TO THE AUDITOR'S REPORT**

(Annexure referred to in paragraph 3 of our report of even date)

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and Situation of Fixed Assets.  
  
(b) Fixed Assets have been physically verified by the management according to the regular programmed of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. There were no discrepancies noticed on such physical verification.  
  
(c) There was no disposal of fixed assets during the year.
- 2 (a) The Stock of Inventories, Stores, Spare parts, Raw Material and Building Materials have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) The Purchase of stock, Raw Material and Spares are used for the construction works, for which no specific stock record is maintained. In our opinion, the Company has maintained proper records of inventories. As explained to us, the discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- 3 According to the information and explanation given to us, the Company has received interest free deposit from the promoters and has not granted any loans secured or unsecured to / from companies, firms, or other parties listed in Register maintained under Section 301 of the Company Act, 1956 or from the Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- 4 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 the business for the purchase of inventory and fixed assets and for the sale of goods, office premises or shops. During the course of our audit, no major weakness has been notice in the internal control system in respect of these areas.
- 5 In our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- 6 In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the Public within the meaning of Section 58A, 58AA or any other relevant provisions of The companies Act, 1956 and as per applicable Rules under the Companies (Acceptance of Deposits) Rules 1975 . We are informed that no order has been passed by the Company Law Board or Reserve Bank of India or any Court or any other Tribunal against the Company.
- 7 The Company has an Internal Audit Department, which in our opinion is commensurate with its size and nature of business.
- 8 We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government. The Central Government has not prescribed the maintenance of any records under Section 209(1)(d) of the Companies Act, 1956 for the hotel industry.
- 9 (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, investor education and protection fund, employee's state insurance, income tax, value added tax, Central Sales Tax, service tax, luxury tax, wealth tax, custom duty, Excise Duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, value added tax, , Central Sales Tax, service tax, luxury tax, wealth tax, custom duty, Excise Duty, cess were in arrears as at 31<sup>st</sup> March,2011 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there is no outstanding dues in respect of income tax, value added tax, , Central Sales Tax, service tax, luxury tax, wealth tax, custom duty, Excise Duty, cess, which have not been deposited on account of any dispute.
- 10 The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.
- 11 The company has taken Term Loan for expansion and up gradation from State Bank of India and the borrowings amount are used for the purpose for which loan is taken. The company has paid Interest and Installment of the said loans regularly. The Company does not have any borrowings by way issue of debentures.
12. According to the information and explanation given to us, the Company has not granted any loans and advance on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The Company is not a chit fund or a Nidhi / Mutual fund / society, therefore, the clause 4(xiii) of the order is not applicable to the Company.
- 14 In our opinion, the Company is not dealing in or trading in share, securities, debentures and other investment.
- 15 Therefore, the provisions of the clause 4(xiv) of the Companies (Auditors Report) order 2004 are not applicable to the Company.
16. According to the information and explanation given to us, during the year the Company has not given any guarantee for loans taken by others, from banks or financial institutions.
17. According to the information and explanations given to us, the term loan taken during the year have been broadly applied for the purpose for which the loans were obtained.
18. According to the information and explanations given to us, and on the basis of the Cash Flow Statement and other records examined by us, as well as on an overall basis, we report that the broadly funds raised on long term basis have not prima-facie been used for short term investment and vice versa.
19. According to information and explanation given to us, during the year the Company has not made preferential allotment of convertible warrants and / or shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 20 According to information and explanation given to us, the Company has not issued any debentures during the year and hence the question of creating any security or charge in respect thereof does not arise and hence the provisions of clause 4(xix) of the companies (Auditor's Report) Order,2003 are not applicable to the company.
21. During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, during the year, nor have we been informed of such case by the management.

**For G J K ASSOCIATES**  
*Chartered Accountants*

**For Manoj Lekinwala & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

**G. J. Raghavani**  
*Partner*

**( CA. Manoj H. Lekinwala )**  
*Proprietor*

**Date :** 30.08.2011

Membership No : 37210

Membership No : 37663

## Balance Sheet as on 31st March, 2011

(Amount Rs.)

Particulars	Schedule	As on 31-03-2011	As on 31-03-2010
<b>SOURCES OF FUNDS :</b>			
<b>Shareholder's Funds :</b>			
	A		
1. A.Equity Share Capital		6,77,50,000	6,77,50,000
B.Redeemable Preference Share Capital		43,00,000	43,00,000
2. Reserves & Surplus	B	4,39,56,598	4,16,30,306
		<u>11,60,06,598</u>	<u>11,36,80,306</u>
<b>Loan Funds :</b>			
Secured Loan	C	12,25,53,570	14,76,28,570
Cash Credit	D	58,90,010	75,60,089
Trade & Other Deposits	E	51,59,060	39,78,760
<b>Deferred Tax Liability</b>		49,55,138	3,22,744
<b>Total Sources of Funds</b>		<u>25,45,64,376</u>	<u>27,31,70,470</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
	F		
1. Gross Block		34,74,95,685	25,78,37,415
2. Less : Depreciation		-12,93,69,267	-10,06,97,067
3. Net Block		21,81,26,418	15,71,40,348
4. Capital Work in Progress		6,04,96,631	13,26,33,170
<b>Investment</b>	G	43,63,530	62,63,530
<b>Current Assets, Loans &amp; Advances</b>			
	H		
1. Inventories		18,80,675	22,25,301
2. Sundry Debtors		38,44,730	22,04,510
3. Cash & Bank Balance		10,90,542	1,35,959
4. Loans & Advances		77,56,185	1,58,31,772
<b>Total Current Assets</b>		1,45,72,132	2,03,97,542
<b>Current Liabilities &amp; Provisions</b>			
	I		
1. Sundry Creditors		4,20,76,990	4,17,32,038
2. Provisions		15,76,544	17,30,482
<b>Total Current Liabilities &amp; Provisions</b>		4,36,53,534	4,34,62,520
Net Current Assets		-2,90,81,402	-2,30,64,978
<b>Miscellaneous Expenditure</b>		6,59,200	1,98,400
<b>Total Application of Funds</b>		<u>25,45,64,376</u>	<u>27,31,70,470</u>

As per report of even dated attached herewith

**For GJK Associates**  
Chartered Accountants

**For Manoj Lekinwala & Co,**  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**For Gandhinagar Hotels Ltd.**

**G. J. Raghavani**  
Partner  
Membership No. 37210

**Manoj Lekinwala**  
Proprietor  
Membership No. 37663

**Pritesh Vinodchandra Joshi**  
Vice Chairman & Jt. Managing Director

Place : **Gandhinagar**  
Date : **30.08.2011**

Directors :  
**Mrs. Pragnaben V Joshi**  
**Mr. Dilipkumar K Trivedi**

## Profit &amp; Loss Account for the year ended on 31st March, 2011

(Amount Rs.)

Particulars	Schedule	For F. Y. 31-3-2011	For F. Y. 31-3-2010
<b>INCOME :</b>			
Room Tariff		6,41,65,106	3,90,61,644
Income from Operation	1	3,69,11,652	2,59,30,473
Other Income	2	36,654	53,553
<b>Total Income : A</b>		<b>10,11,13,412</b>	<b>6,50,45,670</b>
<b>EXPENDITURE :</b>			
Restaurant Expenses	3	1,00,94,808	64,58,194
Hotel Service Expenses	4	1,68,50,069	1,33,24,352
Administrative Expenses	5	62,95,376	18,84,333
Repairing & Maintenance	6	19,53,823	5,72,677
Salary, Wages & Benefits	7	1,52,71,649	91,56,874
<b>Total Expenses : B</b>		<b>5,04,65,726</b>	<b>3,13,96,429</b>
<b>Net Profit before Interest &amp; Non Cash Expenses C: (A-B)</b>		<b>5,06,47,687</b>	<b>3,36,49,241</b>
Financial Expenses	8	1,32,32,838	59,01,338
Cash Profit		3,74,14,848	2,77,47,903
Non Cash Expenses	9	2,89,11,373	2,00,80,374
<b>Net Profit</b>		<b>85,03,475</b>	<b>76,67,529</b>
Provision for Taxation		15,76,544	17,30,482
Deffered Tax Expenses		46,32,394	7,27,672
Corporate Tax on Dividend		0	7,17,846
<b>Profit after Tax</b>		<b>22,94,537</b>	<b>44,91,529</b>
Profit earlier year		42,05,306	41,68,262
Earlier year adjustment		31,755	-2,30,629
<b>Profit available for Appropriation</b>		<b>65,31,598</b>	<b>84,29,162</b>
Dividend to Prefence Share Holders		0	8,36,356
Dividend to Equity Share Holders		0	33,87,500
<b>Profit transfered to Reserve and Surplus</b>		<b>65,31,598</b>	<b>42,05,306</b>

As per report of even dated attached herewith

**For GJK Associates**  
Chartered Accountants

**For Manoj Lekinwala & Co,**  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**For Gandhinagar Hotels Ltd.**

**G. J. Raghavani**  
Partner  
Membership No. 37210

**Manoj Lekinwala**  
Proprietor  
Membership No. 37663

**Pritesh Vinodchandra Joshi**  
Vice Chairman & Jt. Managing Director

Place : **Gandhinagar**  
Date : **30.08.2011**

Directors :  
**Mrs. Pragnaben V Joshi**  
**Mr. Dilipkumar K Trivedi**



Particulars	As on 31-03-2011 Rs.	As on 31-03-2010 Rs.
<b>SCHEDULE : A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,94,00,000 (74,00,000) Equity Shares of Rs.10/- each	19,40,00,000	7,40,00,000
6,00,000 (6,00,000) Redeemable Preference Shares of Rs.10/- each	<u>60,00,000</u>	<u>60,00,000</u>
<b>Total Rs.</b>	<b><u>20,00,00,000</u></b>	<b><u>8,00,00,000</u></b>
<b>Issued, Subscribed &amp; Paid-up :</b>		
67,75,000 (67,75,000) Equity Shares of Rs.10/- each fully paid up	6,77,50,000	6,77,50,000
4,30,000 (4,30,000) Redeemable Preference Shares of Rs.10/- each fully paid up (Redeemable within 10 years or such earlier period as may be determined by the Board)	43,00,000	43,00,000
<b>Total Rs.</b>	<b><u>7,20,50,000</u></b>	<b><u>7,20,50,000</u></b>
<b>SCHEDULE : B</b>		
<b>RESERVE AND SURPLUS</b>		
Share Premium Account	3,67,50,000	3,67,50,000
Profit & Loss A/c	65,31,598	42,05,306
Reserve and Surplus	<u>6,75,000</u>	<u>6,75,000</u>
<b>Total Rs.</b>	<b><u>4,39,56,598</u></b>	<b><u>4,16,30,306</u></b>
<b>SCHEDULE : C</b>		
<b>SECURED LOAN</b>		
Secured Loans from		
Term Loan		
1. SBI Loan (No.30299654743) (Secured against movable & immovable properties at Plot No. 231 & 235)	10,00,00,000	11,20,00,000
2. SBI Loan (No.30299645332) (Secured against movable & immovable properties at Plot No. 231 & 235)	58,53,570	1,56,28,570
3. SBI Loan (No.30907515757) (Secured against movable & immovable properties at Plot No. 231 & 235)	1,67,00,000	2,00,00,000
<b>Total Rs.</b>	<b><u>12,25,53,570</u></b>	<b><u>14,76,28,570</u></b>

Particulars	As on 31-03-2011 Rs.	As on 31-03-2010 Rs.
<b>SCHEDULE : D</b>		
<b>CASH CREDIT &amp; OTHER FACILITIES</b>		
Credit Facilities from G'nagar Nagrik Co-op. Bank Ltd. - CC A/c No. 278 (Secured against Hypothecation of Stock of Stores, Linon, Cutlery & Personal Gurantee of Directors)	29,65,792	36,09,191
ICICI Bank Loan A/c (Secured against Toyota Innova Car)	0	90,000
HDFC Bank Loan A/c (Secured against BMW Car)	25,05,159	30,98,099
HDFC Bank Loan A/c (Secured against Tata Manza Car)	4,19,059	5,07,238
State Bank of India Current A/c	0	2,55,561
<b>Total Rs.</b>	<b>58,90,010</b>	<b>75,60,089</b>

**SCHEDULE : E**  
**TRADE & OTHER DEPOSITS**

1. Interest Free Deposits from Promoters and Relatives	36,66,260	32,12,760
2. Security Deposit (Interest Free)	14,92,800	7,66,000
<b>Total Rs.</b>	<b>51,59,060</b>	<b>39,78,760</b>

**SCHEDULE : G**  
**INVESTMENTS AT COST (UNQUOTED)**

Share Purchase of GNCB Bank	77,600	77,600
Share Purchase of Co-op Bank of Ahmedabad	1,25,100	1,25,100
Share Purchase of B. M. Co-op. Bank	4,980	4,980
Share Application Money (Gujraj Resorts Ltd.)	0	20,00,000
Share Application Money PFPL	35,00,000	34,00,000
Gandhinagar Hotels USA Limited	6,55,850	6,55,850
<b>Total Rs.</b>	<b>43,63,530</b>	<b>62,63,530</b>

**SCHEDULE - F :**  
**SCHEDULE OF FIXED ASSETS AND DEPRECIATION AS ON 31-03-2011 AS PER WDV METHOD**

RATE OF DEP.	NAME OF ASSETS	GROSS BLOCK AS ON 01-04-10	ADDITION DURING FIRST SIX MONTHS OF F.Y. 10-11	ADDITION DURING LAST SIX MONTHS OF F.Y.10-11	Work in Progress F.Y.10-11	GROSS BLOCK AS ON 31-03-11	DEPR. UPTO 31-03-10	DEPR. F. Y. 2010-2011	TOTAL DEPR. UPTO 31-03-11	NET ASSETS AS ON 31-03-11
1	2	3	4	5	6	7	8	9	10	11
<b>HOTEL BUILDING PLOT NO. 235</b>										
10.00	BUILDING	114150829	72291676	2008067	4479109	192929681	30009104	15743743	45752848	147176833
13.91	CROCKERY-CUTLARY	2252033	94500	0	0	2346533	1146778	166886	1313664	1032869
13.91	PLANT & MACHINERY	34260422	1505652	423678	0	36189752	13799985	3084950	16884936	19304816
18.10	FURNITURE & FIXTURES	52331769	9494839	3497400	0	65324008	22454749	7442821	29897570	35426438
40.00	VEHICLES	5855046	0	342458	0	6197504	2911763	1245805	4157568	2039936
13.91	DEAD STOCK	239821	0	0	0	239821	212331	3842	216155	23666
0.00	LAND COST	2058015	0	0	0	2058015	0	0	0	2058015
<b>COMMERCIAL BUILDING PLOT NO. 231</b>										
10.00	BUILDING	34456827	0	0	56017522	90474349	27522517	693431	28215948	62258401
13.91	PLANT & MACHINERY	3721349	0	0	0	3721349	2138039	220238	2358277	1363072
18.10	FURNITURE & FIXTURES	891304	0	0	0	891304	501800	70500	572300	319004
0.00	LAND	7620000	0	0	0	7620000	0	0	0	7620000
AS ON 31-03-2011		257837415	83386667	6271603	60496631	407992316	100697068	28672173	129369268	278623050
AS ON 31-03-2010		175168099	51091442	31577874	132633170	390470585	80715892	19981174	100697070	289773520

Particulars	As on 31-03-2011 Rs.	As on 31-03-2010 Rs.
<b>SCHEDULE : H</b>		
<b>CURRENT ASSETS</b>		
<b>(A) Current Assets</b>		
Closing Stock (At Cost FIFO Method)	18,80,675	22,25,301
As per Inventories taken, valued and certified by the Company		
Sundry Debtors (Unsecured considered good) outstanding for	38,44,730	22,04,510
1. More Than six months Rs.17,71,589/- (Previous Year Rs. 5,26,496/-)		
2. Less Than six months Rs.20,73,141/- (Previous Year Rs.16,78,014/-)		
Cash and Bank Balance	10,90,542	1,35,959
<b>(B) Loans and Advances</b>		
(Unsecured considered good)		
Advances to be recovered in cash or kind/service or value to be received		
Trade & other Deposit	12,85,903	13,47,563
Pre Paid Insurance	1,29,491	71,237
With Revenue Authority Tax (TDS Receivable)	1,72,941	43,681
With Revenue Authority Tax (Alcoholic Liquor)	55,160	54,021
Advance to Hotel Suppliers	37,08,875	20,63,398
Advance for Hotel Renovation	15,20,163	1,00,56,989
Advance for Commercial Building	75,250	17,50,884
<b>Advance for Staff</b>	<b>5,300</b>	<b>0</b>
With Revenue Authority Service Tax	8,03,102	4,43,999
<b>Total Loans &amp; Advances</b>	<b>77,56,185</b>	<b>1,58,31,772</b>
<b>Total Rs.</b>	<b>1,45,72,131</b>	<b>2,03,97,542</b>

**SCHEDULE : I**  
**CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors Hotel	55,95,282	34,80,131
Sundry Creditors Hotel Renovation	10,95,303	64,21,871
Sundry Creditors Commercial Building	3,24,38,386	2,46,95,886
Provisions	15,76,544	88,64,632
<b>Total Rs.</b>	<b>4,07,05,515</b>	<b>4,34,62,520</b>

Particulars	For F. Y. 2010-2011 Rs.	For F. Y. 2009-2010 Rs.
<b>SCHEDULE : 1</b>		
<b>INCOME FROM OPERATION</b>		
Room Service	12,80,603	5,24,896
Conference/Hall Charges	37,68,707	9,30,140
Liquor Sales	1,32,54,042	1,02,43,603
Restaurant Sales	94,03,811	32,33,608
Telephone Fax Income	9,50,011	15,34,995
Laundry Income	2,16,305	57,265
Income from Games	34,27,750	35,04,050
Taxi Income	46,03,623	52,89,178
Rent Income	3,47,600	3,79,985
Other Income	3,827	0
Closing Stock Increase	-3,44,626	2,32,753
<b>Total Rs.</b>	<b>3,69,11,652</b>	<b>2,59,30,473</b>

**SCHEDULE : 2**  
**OTHER INCOME**

Interest on Deposits	28,894	45,793
Dividend Income	7,760	7,760
<b>Total Rs.</b>	<b>36,654</b>	<b>53,553</b>

**SCHEDULE : 3**  
**RESTAURANT EXPENSES**

Restaurant Purchase	76,28,195	50,08,641
Staff Food Cost	-1,64,850	-92,397
Fuel Expenses	9,51,673	7,10,867
Restaurant Expenses	12,93,120	2,68,619
Crockery Cutlary - Linon	3,86,670	5,62,464
<b>Total Rs.</b>	<b>1,00,94,808</b>	<b>64,58,194</b>

Particulars	For F. Y. 2010-2011 Rs.	For F. Y. 2009-2010 Rs.
<b>SCHEDULE : 4</b>		
<b>HOTEL SERVICE EXPENSES</b>		
Electricity Expenses	42,56,763	23,86,681
House Keeping Expenses	9,89,902	13,12,493
Water & Drainage Charges	33,725	7,045
Liquor Purchase	33,01,388	29,11,181
VAT paid on Liquor	56,06,489	38,64,805
Wine Shop Expenses	17,52,029	20,06,119
Cartage Expenses	95,602	1,17,854
Kitchen Expenses	1,15,737	1,12,355
Laundry Expenses	10,760	2,28,115
Kasar Expenses	51,659	72,289
Gujarat Luxury Tax Fix Charges	6,36,016	3,05,415
<b>Total Rs.</b>	<b><u>1,68,50,069</u></b>	<b><u>1,33,24,352</u></b>

<b>SCHEDULE : 5</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Stationary Printing Expenses	6,62,096	5,16,908
Postage Expenses	39,148	16,930
Legal Fee Expenses	2,07,566	1,07,962
Director Travelling & Other Expenses	1,32,258	32,495
Miscellaneous Expenses	5,45,771	1,28,704
Membership Fees	15,569	14,125
Insurance Expenses	2,71,818	1,07,961
Auditor's Remuneration	40,000	30,000
Listing Fee	15,000	70,150
Consultancy Fees	34,27,477	5,15,096
Advertisement Expenses	6,07,175	1,80,578
Professional Tax - Company	2,400	2,400
Conveyance & Travelling	96,940	1,15,246
Stamp Charges	4,780	1,310
Entertainment Expenses	1,61,859	15,414
Share Transfer & Demat Charges	65,519	29,054
<b>Total Rs.</b>	<b><u>62,95,376</u></b>	<b><u>18,84,333</u></b>

Particulars	For F. Y. 2010-2011 Rs.	For F. Y. 2009-2010 Rs.
<b>SCHEDULE : 6</b>		
<b>REPAIRING &amp; MAINTENANCE</b>		
Machinery Repairing & Maintenance	7,62,913	1,60,700
Audio-Video Repairing & Maintenance	1,11,500	1,13,350
Computer Repairing & Maintenance	86,222	85,168
Building Repairing & Maintenance	6,35,736	49,483
Electric Repairing & Maintenance	2,42,909	62,891
Furniture Repairing & Maintenance	1,14,543	1,01,085
<b>Total Rs.</b>	<b>19,53,823</b>	<b>5,72,677</b>
<b>SCHEDULE : 7</b>		
<b>SALARY &amp; WAGES EXPENSES</b>		
Salary Expenses	36,34,448	24,46,933
Conveyance Allowance	13,39,311	3,53,247
Personal Allowance	23,67,161	7,00,355
Bonus Expenses	5,03,997	2,74,293
Directors Remuneration	31,85,000	23,96,200
Security Guard Charges	8,06,327	7,36,805
Staff HRA Expenses	20,90,167	11,59,203
Uniform Expenses	1,59,182	3,67,658
Staff PF/FP/ADM/EDLI Company Portion	8,81,441	5,72,277
Staff ESI Company Portion	2,40,648	93,286
Staff Welfare Expenses	22,059	12,124
Medical Allowances & Expenses	41,908	41,924
Medical Expenses - Director	0	2,569
<b>Total Rs.</b>	<b>1,52,71,649</b>	<b>91,56,874</b>
<b>SCHEDULE : 8</b>		
<b>FINANCIAL EXPENSES</b>		
Bank Commission	91,427	20,192
Bank Interest Expenses	1,28,70,023	58,06,413
Lease Rental Expenses	2,585	2,585
Credit Card & Coupon Service Charges	2,68,803	72,147
<b>Total Rs.</b>	<b>1,32,32,838</b>	<b>59,01,338</b>
<b>SCHEDULE : 9</b>		
<b>NON CASH EXPENSES</b>		
Depreciation	2,86,72,173	1,99,81,174
Preliminary Expenses W/o	2,39,200	99,200
<b>Total Rs.</b>	<b>2,89,11,373</b>	<b>2,00,80,374</b>

**NOTES ATTACHED TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF GANDHINAGAR HOTELS LIMITED FOR THE YEAR ENDED ON 31-03-2011.****[A] SIGNIFICANT ACCOUNTING POLICIES :****1. SYSTEM OF ACCOUNTING**

The Financial statements of the Company are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and Accounting standards issued by the institute of chartered Accountants of India , referred to in section 211 (3C) of the Companies Act, 1956. The Accounts are prepared on the going concern basis and the Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in respect of following where the exact quantum cannot be ascertained:

- ( i ) Claims lodged against and / or by the Company.
- ( ii ) Discounts allowed to customers on confirmation / settlement.

**2 FIXED ASSETS**

Fixed Assets are stated at cost and is inclusive of Excise duty and applicable taxes & duties less depreciation. Cost represents cost of acquisition inclusive of inward freight and incidental expenses related to acquisition and adjustments arising from foreign exchange rate variations, if any. Cost also includes interest and related expenses during the construction period upto work in progress put to use. Intangible assets (technical know how) are stated at cost of acquisition less accumulated amortization. Capital Assets under erection / installation are reflected are in the Balance Sheet as "Capital work in progress".

**3 DEPRECIATION**

Depreciation is provided for as per the Written Down Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

**4. INVESTMENTS**

Long Term investments are accounted for at Cost. Any decline, other than temporary, in the value of long term investment is adjusted in the carrying cost of such investment.

**5 INVENTORIES**

Inventories are valued at lower of cost or net realizable value.

**6 REVENUE RECOGNITION :**

Revenue (income) is recognized when no significant uncertainty as to the measurability or collect ability exists. Sales are recognized when significant risk and rewards of ownership in the goods are passed on to the customers. Value Added Tax paid are separately shown in profit and loss account.

**7. BORROWING COSTS:**

Borrowing costs are recognizes as expenses in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till put for its intended use is capitalized as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost is charged to revenue.

**8 DEFERRED REVENUE EXPENDITURE:**

Expenditure relating to Preliminary Expenses, Capital issue and Deferred Revenue Expenses is amortized on straight line basis over a period of five years.

**9 TAXES ON INCOME :**

Current taxation:

Current tax is determined as the amount of tax payable in respect of taxable income for the period and the credits computed in accordance with the provisions of the Income Tax, 1961 and based on the expected outcome of the assessment / appeals.



**DEFERRED TAX**

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent year. Deferred tax assets are recognized and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**10 FOREIGN CURRENCY TRANSACTIONS:**

- a. Income and expenditure in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of transaction.
- b. Exchange rate difference is charged to the profit and loss account on final payment of the liability.
- c. Unsettled transactions at the close of the year are considered taking into account the exchange rate prevailing at the year end and difference is charge to the profit and loss account.

**11 IMPAIRMENT OF ASSETS:**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If any the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**12 RETIRMENT / POST RETIRMENT BENEFITS:**

Contributions to defined contribution schemes such as Employees Provident fund and Family pension fund are charged to the profit & loss account as and when incurred. Provision for gratuity is determined and accounted as and when paid.

**13 RESEARCH AND DEVELOPMENT**

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to profit and loss account of the year in which they are incurred.

**14 PROVISION AND CONTINGENT LIABILITIES**

- a) Provisions are recognized when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- b) Contingent Liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- c) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**[B] NOTES FORMING PART OF AUDIT REPORT**

1. Considering the nature of operations of the Company, it is not practicable to give quantitative details of turnover and consumption in terms of the requirement under Part II of Schedule VI to the Companies Act, 1956, in view of the large number of items which differ in size and nature, each being less than ten percent in value of the total value.
2. Provision of Excise and modvat are not applicable to the Company.
3. Managerial Remuneration paid to Managing Director & Other Directors : Rs 31,85,000/- (Previous Year : Rs. 23,96,200/-.)
4. Payment To Auditors :

<b>Particulars</b>	<b>F.Y. 2010-11</b>	<b>F.Y. 2009-10</b>
Audit Fees	<b>30,000.00</b>	20,000.00
Tax Audit Fees	<b>10,000.00</b>	10,000.00

5. No Provision for Retirement Gratuity has been made in the accounts and the same shall be accounted for as and when it is paid.
6. Expenses / Income in Foreign Currency is Rs. NIL (Previous Year Rs. Nil)
7. Value of Imports on C.I.F. basis :Rs. 0.38 Lacs (Previous Year Rs. 0.60 lacs)
8. Traveling Expenses of Managing Directors & Other Directors : Rs. 92,258/- (Previous Year Rs.32,495/-)
9. The Company does not have any contingent liabilities.
10. The provision of licensed capacity / Installed capacity etc. are not applicable to the company.
11. In the opinion of the Directors, the Current Assets, Loans & Advances are realized at the values stated, if realized in the ordinary course of the business . As account of Sundry Creditors, Current Liabilities, Unsecured Loans, Sundry Debtors and Loan & Advances and other current assets are subject to confirmation / reconciliation and accordingly the same are subject to necessary adjustments or regrouping /classification, if necessary.
12. In the opinion of the Board of Director, the provision for depreciation and all know liabilities are adequate and are not in excess of the amount considered reasonably necessary.
13. The Company estimates the deferred tax income using the applicable rate of tax based on the impact of timing differences between depreciation as per Books and as per Income Tax. The same is calculated as under :

Depreciation as per Books of Current Year	Rs.	2,86,72,173
Depreciation As per Income Tax of Current Year	Rs.	4,36,63,741
Timing Difference of Depreciation	Rs.	1,49,91,567
Deferred Tax Assets at 30.90 %	Rs.	46,32,394
Less Defered Tax Assets - Opening	Rs.	3,22,744
Defered Tax Assets ( Net ) – Closing	Rs.	49,55,138

In compliance of Accounting Standard 22 issued by Institute of Chartered Accountants of India, Deferred Tax liability mainly arising on account of difference between book and income tax written down value of fixed assets.

14. The Sales Tax Assessment of the Company has been completed upto Assessment Year 2007-08. The Income Tax Assessment of the Company has been completed upto Assessment Year 2006-07. The Luxury Tax assessment of the Company has been completed upto 31-03-2011.

15. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARDS

18:

**( I ) ASSOCIATES:**

GANDHINAGAR LEASING AND FINANCE LIMITED  
 PRAGNA FINANCE PRIVATE LIMITED  
 PRAGNA AUTO SERVICE AND  
 HAVELI INN

**(II) KEY MANAGEMENT PERSONNEL: (Other than Independent Director)**

SMT. PRAGNABEN V JOSHI  
 MR. PRITESH V JOSHI  
 MR. DILIPKUMAR K TRIVEDI

**(III) CHIEF ACCOUNTANT / MANAGERS MR. PANKAJ D PAREKH AND MR. JITENDRA M. DARJI**

**( IV ) Transaction with related parties**

- 1 The Company has given Rs.35, 00,000/- as Share Application Money (Previous Year Rs. 54, 00,000/-) to the Company in which directors are interested, as director of both the Company.
- 2 Traveling Expenses of Managing Directors & Other Directors : Rs. 92,258/- (Previous Year Rs. 32,495/-)
- 3 Managerial remuneration paid to Managing Director & Other Directors : Rs 31,85,000/-(Previous Year : Rs. 23,96,200/)
4. The company has received Unsecured Interest Free Deposit of Rs. 36,66,260/- (Previous Year Rs. 32,12,760/- Lacs from relatives of Directors of the Company.
- 5 The Company has received Rs. 1,99,20,886/-(Previous Year Rs. Rs. 1,76,20,886/-) as Advance for Booking of Premises from a Company in which Directors are interested, as director of both the Company.
- 6 The company has given Rs.655850/- (Previous Year Rs. 655850/- ) as Investment to Gandhinagar Hotels USA Ltd. - the company in which Directors are interested as Director of both the company.
7. The company has received Rent of Rs. 72,000/- ( Previous Year Rs. 1,08,000/- ) from the company in which Directors are interested, as director of the Companies.
8. The company has paid Lease Rent of Rs. 2585/- ( Previous Year Rs. 2585/-) to the company in which Directors are interested , as director of both the Company.
9. The Company has received Rs. 43 Lacs (Previous Year Rs. 43 lacs) for issue of Redeemable Preference Shares of Gandhinagar Hotels Limited from Gandhinagar Leasing and Finance Ltd. – a company in which Directors are interested as Director of both the company.
10. The company has paid Rs. 90000/- ( Previous Year Rs. 90000/-) as Lease Rental Deposit to Gandhinagar Leasing and Finance Ltd. – a company in which Directors are interested as Directors of both the company.
- 11 Earning per share as per Accounting Standard (AS 20) – “Earning per Share”:  
The basic Earning per share is calculated by dividing the profit attributable to the existing Equity Share outstanding and the diluted Earnings per Share has been calculated after considering the equity Share consequent after exercising of Convertible Warrants issued on preferential basis and conversion of sid convertible warrants.

**EPS CALCULATION\***

	<b>Year ended 31-03-2011 Amt in Rs.</b>	<b>Year ended 31-03-2010 Amt in Rs.</b>
Profit attributable to the Equity Shareholder (Before prior expenses)	<b>22,94,536</b>	44,91,529
Closing number of Equity Shares outstanding during the year.	<b>6775000</b>	6775000
Basic/Weighted averages number of Equity Shares outstanding during the year.	<b>6775000</b>	6775000
Nominal value of Equity Share (Rs.)	<b>Rs.10/-</b>	Rs.10/-
Basic Earning per Share (Rs.) on Year End Shares	<b>0.34</b>	0.66
Diluted Earning Per Share based on Date of Issue of Shares	<b>0.34</b>	0.66

12 Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of the current year.

Signature to Schedule A To I of Balance Sheet and 1 To 9 of Profit and Loss Accounts form an integral part of the Audit Report.

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As per report of even dated attached herewith

**For GJK Associates**  
*Chartered Accountants*

**For Manoj Lekinwala & Co,**  
*Chartered Accountants*

**For and on behalf of the Board of Directors  
For Gandhinagar Hotels Ltd.**

**G. J. Raghavani**  
*Partner*  
Membership No. 37210

**Manoj Lekinwala**  
*Proprietor*  
Membership No. 37663

**Pritesh Vinodchandra Joshi**  
*Vice Chairman & Jt. Managing Director*

Place : **Gandhinagar**  
Date : **30.08.2011**

*Directors :*  
**Mrs. Pragnaben V Joshi**  
**Mr. Dilipkumar K Trivedi**

Additional information pursuant to Schedule VI of the Companies Act, 1956 is as under

**Balance Sheet Abstract and Company's General Business Profile :**

**I Registration Details :**

Registration No.	L55100GJ1983PLC006278
State Code	04
Balance Sheet Date	31-03-2011

**II Capital Raised during the year**

		( Amount in Thousands )	
Public Issue Call	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III Position of Mobilisation and Deployment of Funds :**

		( Amount in Thousands )	
Total of Capital & Liabilities	254564	Total Assets	254564
<b>Source of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	72050	Net Fix Assets	278623
Reserves & Surplus	43956	Investments	4363
Secured Loans	122554	Net Current Assets	-29081
Unsecured Loans	11049	Miscellaneous Expenditure	659
Deferred Tax Liability	4955	Accumulated Losses	000
Contingent Liabilities	0		

**IV Perfomance of Company :** ( Amount in Thousands )

Total Income	101113
Total Expenditure	92610
Profit (+) / Loss (-) before Tax	8503
Profit (+) / Loss (-) after Tax	2294
Earning per Share in Rupees	0.34

**V Generic Names of Three Principal Services of Company :**

( As per monetary terms )

Item Code No. ( ITC Code )	Nil
Service Description	Hotel, Restaurant & Tourism

Signature to Schedule A To I of Balance Sheet and 1 To 9 of Profit and Loss Account form an integral part of the Audit Report.

As per report of even dated attached herewith

**For GJK Associates**  
Chartered Accountants

**For Manoj Lekinwala & Co,**  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**For Gandhinagar Hotels Ltd.**

**G. J. Raghavani**  
Partner  
Membership No. 37210

**Manoj Lekinwala**  
Proprietor  
Membership No. 37663

**Pritesh Vinodchandra Joshi**  
Vice Chairman & Jt. Managing Director

Place : **Gandhinagar**  
Date : **30.08.2011**

Directors :  
**Mrs. Pragnaben V Joshi**  
**Mr. Dilipkumar K Trivedi**

	(Amount Rs.)	
Cash Flow Statement for the year ended on	31-03-2011	31-03-2010
<b>(A) CASH FLOW FROM OPERATIONS</b>		
Net Profit/Loss before Tax	85,03,475	76,67,529
Other Income	-36,654	-53,553
Non Cash Expenses	2,89,11,373	2,00,80,374
Loss on Sale of Investments	0	0
Provision for Diminution of Investments	0	0
Previous Years Sales Tax & Income Tax	31,755	-2,30,629
<b>Operating Cash Profit</b>	<b>3,74,09,949</b>	<b>2,74,63,721</b>
Decrease (Increase) in Sundry Debtors	-16,40,220	-7,20,882
Decrease (Increase) in Inventories	3,44,627	-2,32,753
Decrease (Increase) in Loans and Advances	80,75,587	52,16,422
Decrease (Increase) in Sundry Creditors	3,44,952	17,33,490
Decrease (Increase) in Provisions	-17,30,482	6,19,674
Decrease (Increase) in Share Application Money	0	0
<b>Net Cash used in Operations : A</b>	<b>4,28,04,412</b>	<b>3,40,79,673</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-1,75,21,704	-6,88,72,351
Purchase of Investments	19,00,000	-34,00,000
Dividend and Interest Income	36,654	53,553
<b>Net Cash used in Investing Activities : B</b>	<b>-1,55,85,050</b>	<b>-7,22,18,798</b>
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Cash received from Issuance of Share Capital	0	0
Cash received from Premium on Share Capital	0	0
Increase (Decrease) in Unsecured Laon	11,80,300	1,58,97,760
Increase (Decrease) in Secured Laon	-2,67,45,079	1,12,25,484
Dividend Paid	0	0
Preliminary & Prior Period Expenses (Net)	-7,00,000	0
<b>Net Cash from Financing Activities : C</b>	<b>-2,62,64,779</b>	<b>2,71,23,244</b>
Net Increase in Cash and Cash Equivalentents	9,54,583	-1,10,15,881
Cash & Cash Equivalentents at the beginning of the year	1,35,959	1,11,51,840
Cash & Cash Equivalentents at the end of the year	10,90,542	1,35,959

As per report of even dated attached herewith

**For GJK Associates**  
Chartered Accountants

**For Manoj Lekinwala & Co,**  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**For Gandhinagar Hotels Ltd.**

**G. J. Raghavani**  
Partner  
Membership No. 37210

**Manoj Lekinwala**  
Proprietor  
Membership No. 37663

**Pritesh Vinodchandra Joshi**  
Vice Chairman & Jt. Managing Director

Place : **Gandhinagar**  
Date : **30.08.2011**

Directors :  
**Mrs. Pragnaben V Joshi**  
**Mr. Dilipkumar K Trivedi**

**AUDITOR'S CERTIFICATE**

We have verified the above Cash Flow Statement of Gandhinagar Hotels Ltd. derived from the Audited Financial Statements for the year ended 31st March, 2011 and 31st March, 2010 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

**For G J K ASSOCIATES**  
*Chartered Accountants*

For **Manoj Lekinwala & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

**G. J. Raghavani**  
*Partner*

**( CA. Manoj H. Lekinwala )**  
*Proprietor*

**Date :** 30.08.2011

Membership No : 37210

Membership No : 37663

BOOK - POST

To,

If undelivered please return to

**Gandhinagar Hotels Ltd.**

Regd. Office :

Plot No. 235, Sector - 11,

"Fortune Inn Haveli",

CH - Road,

Gandhinagar - 382 011