

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

2011-2012

FORTUNE INN HAVELI



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:**

Name of the Director	Shri P G Ramrakhiani	Shri Dinesh Mundra
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)	519.70	506.48
Less : Depreciation	254.84	286.72
Less : Interest	170.62	132.32
Profit Before tax (PBT)	91.85	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)	31.21	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.

<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, 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.

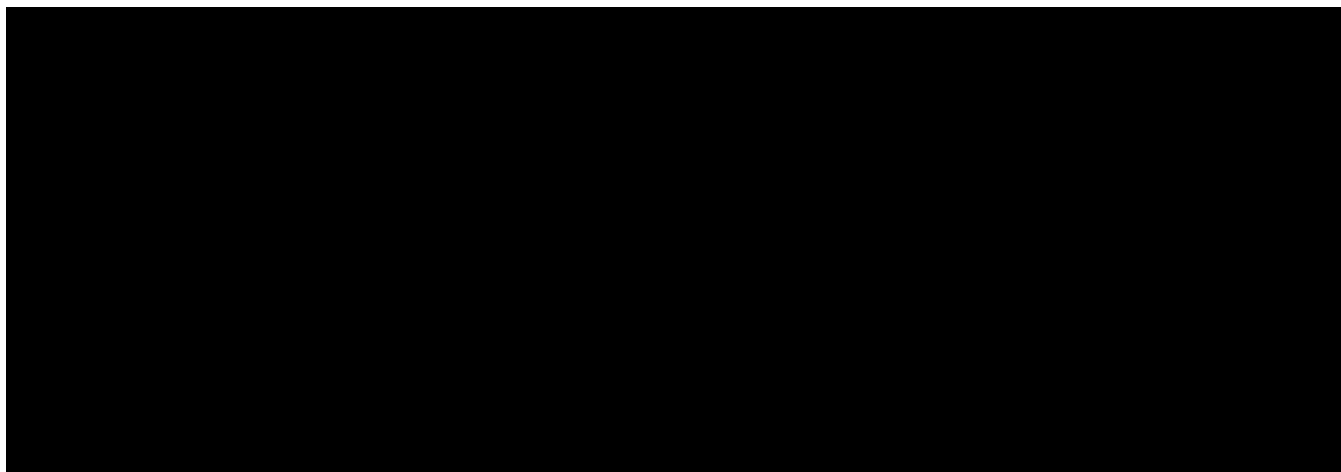
**Human Resources**

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

**Notes :**

1. Major Vinodchandra Joshi (Retd.) died on 18-06-2011
2. Shri Yogeshchandra Joshi resigned with effect from 31-01-2012.

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

## 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 covered 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**

Shri P G Ramrakhiani	Chairman
Wg Cdr Anchlia	Member
Shri Dinesh M Mundra	Member

## c) Audit Committee Meetings:

During the year, Audit Committee met 4 times on 30th April, 2011, 31st July, 2011, 31st October, 2011 and 31st January, 2012 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		
Wg Cdr Manik Anchlia	Chairman	Non Executive independent director
Shri Popatbhai V. Patel	Member	Non Executive independent director
Shri P G Ramrakhiani	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 2011-2012.

Name of the Directors	Salary Rs.	Perquisites Rs.
Late Vinodchandra P Joshi Chairman & Mg. Director (Upto 18-06-2011)	3,50,000/-	8,400/-
Shri Pritesh V Joshi Chairman & Managing Director	15,75,000/-	8,400/-
Shri Dilipkumar K Trivedi	4,55,000/-	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		
Wg Cdr Manik Anchlia	Chairman	Non Executive independent director
Shri Dilipkumar K Trivedi	Member	Compliance officer – Director
Shri Pritesh V Joshi	Member	Chairman & Managing Director

There is no share transfer pending as on 31.03.2012. Shri 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	3	3
Misc like Dividend etc	2	2
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
2008-2009	Plot No. 235, Hotel Inn Haveli, Sector-11, Gandhinagar	30.09.2009	11.00 a.m.	2
2009-2010	Plot No. 235, Fortune Inn Haveli, Sector-11, Gandhinagar	30.08.2010	4.00 p.m.	Nil
2010-2011	Plot No. 235, Hotel Inn Haveli, Sector-11, Gandhinagar	30.09.2011	12.00 p.m.	Nil

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 32nd Annual General Meeting will be held on Saturday, 29th September, 2012 at 11.30 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 26th September, 2012 to Saturday, 29th September, 2012 (Both days inclusive.)

**c) Financial Calendar for the year 2012-2013 (Provisional)**

Results for the	By the end of
Quarter ending 30th June, 2012	July, 2012
Quarter ending 30th September, 2012	October, 2012
Quarter ending 31st December, 2012	January, 2013
Quarter ending 31st March, 2013.	April, 2013

**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 2012-2013.

## f) High/Low quotation of the Equity Shares for the Last financial year i.e. 2011-2012:

Month	High Price	Low Price
Apr-11	99.00	73.40
May-11	89.00	53.50
Jun-11	89.50	53.80
Jul-11	66.00	54.00
Aug-11	56.00	31.70
Sep-11	38.50	29.50
Oct-11	32.80	17.50
Nov-11	24.00	16.00
Dec-11	21.50	15.35
Jan-12	24.95	16.00
Feb-12	23.70	18.30
Mar-12	23.50	16.50

## g) Stock Code: 530237

## h) Distribution of Shareholdings as on 31.03.2012

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	1801	80.91	277850	4.10
2.	501	1000	151	6.78	120706	1.78
3.	1001	2000	112	5.03	164408	2.43
4.	2001	3000	43	1.93	108643	1.60
5.	3001	4000	13	0.58	45143	0.67
6.	4001	5000	17	0.76	78916	1.16
7.	5001	10000	38	1.71	263768	3.89
8.	10001	999999999	51	2.29	5715566	84.36
	<b>Total</b>	<b>2226</b>	<b>100.00</b>	<b>6775000</b>	<b>100.00</b>	

## i) Distribution of total Shareholding as on 31.03.2012

Sr.	Category	No. of Shares held	% of Shareholding
1.	Indian Promoters	1896898	28.00
2.	Corporate Body ( Promoter Co)	1834800	27.08
3.	Hindu Undivided Family (HUF)	0	0.00
4.	Others bodies Corporate	663825	9.80
5.	Indian Public	2138361	31.56
6.	Public Category (NRI)	205380	3.03
7.	Clearing Member	35736	0.53
	<b>Total</b>	<b>6775000</b>	<b>100.00</b>

## j) List of Directors holding shares 1% or more as on 31st March, 2012 :

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>

## k) 1) Name of CEO

Shri Pritesh Vinodchandra Joshi  
Chairman & Managing Director

## 2) Name of CFO &amp; Compliance Officer

Shri 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, 2012, 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 **G J K & Associates**  
Chartered Accountants

For **G. C. Patel & Co.,**  
Chartered Accountants

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

**G. J. Raghvani**  
Partner  
Membership No. 37210  
Firm Reg No. 108726W

**Manoj H Lakinwala**  
Partner  
Membership No. 37663  
Firm Reg No. 113693W



**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 2011-2012 - 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, 2012 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, 2012 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:** 14.08.2012

**Pritesh V Joshi**  
*Chairman & 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, 2012, 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, 2012 and Profit and Loss Account for the year ended on 31-3-2012 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 at 31st March, 2012;
- 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, 2012.
- 3) In the case of Cash Flow statement of the company for the financial year 2011-2012

**Place :** Gandhinagar

**Date :** 14-08-2012

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

**G. J. Raghavani**  
*Partner*  
Membership No. 37210  
Firm Reg. No. 108276 W

For **G. C. Patel & Co.,**  
*Chartered Accountants*

**( CA Manoj H. Lekinwala )**  
*Proprietor*  
Membership No. 37663  
Firm Reg. No. 113693 W

**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 programme 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 was no material 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 The Central Government has not prescribed the maintenance of cost 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,2012 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, hence, the provisions of the clause 4(xiv) of the Companies (Auditors Report) order 2004 are not applicable to the Company.
15. 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.
16. 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.
17. 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.
18. 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.
- 19 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.
20. During the year company has not raised money through public issue & hence the provision of the clause 4(XX) of the Companies (Auditor Report) order 2004 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 **G. C. Patel & Co.,**  
*Chartered Accountants*

**Place :** Gandhinagar

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

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

**Date :** 14-08-2012

Membership No : 37210  
Firm Reg. No. 108276 W

Membership No : 37663  
Firm Reg. No. 113693 W

## Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31-03-2012	As at 31-03-2011
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders Funds</b>			
(A) Share Capital	2	6,77,50,000	6,77,50,000
(B) Redeemable Preference Shares	3	43,00,000	43,00,000
(C) Reserves & Surplus	4	4,70,77,771	4,39,56,598
Sub-Total		11,91,27,771	11,60,06,598
<b>(2) Non-Current Liabilities</b>			
(A) Long-Term Borrowings	5	10,17,69,049	12,84,43,580
(B) Long Term Liabilities	6	82,19,995	1,91,79,946
(C) Deferred Tax Liabilities	7	91,67,384	49,55,138
Sub-Total		11,91,56,428	15,25,78,664
<b>(3) Current Liabilities</b>			
(A) Trade Payables	8	97,23,014	2,51,08,085
(B) Duties & Taxes Payable	9	51,99,706	22,65,029
(C) Short-Term Provisions	10	51,14,230	22,59,534
Sub-Total		2,00,36,950	2,96,32,648
<b>Total</b>		<b>25,83,21,148</b>	<b>29,82,17,910</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(A) Fixed Assets	11		
Gross Block		35,01,29,075	34,74,95,685
Less : Depreciation		15,48,53,657	12,93,69,267
Tangible Assets		19,52,75,418	21,81,26,418
(B) Capital Work in Progress	12	4,20,39,017	6,04,96,631
(C) Non-Current Investments	13	43,63,530	43,63,530
(D) Trade Deposit	14	13,86,963	12,85,903
Sub-Total		24,30,64,928	28,42,72,482
<b>Current Assets</b>			
(A) Inventories	15	37,75,122	18,80,675
(B) Trade Receivables	16	28,21,486	38,44,730
(C) Cash & Bank Balance	17	39,84,146	10,90,542
(D) Loans & Advances	18	42,55,466	64,70,281
(E) Other Current Assets	19	4,20,000	6,59,200
Sub-Total		1,52,56,221	1,39,45,428
<b>Total</b>		<b>25,83,21,148</b>	<b>29,82,17,910</b>

Significant Accounting Policies and Notes on Financial Statements

1

As per report of even dated attached herewith

For **GJK & Associates**  
Chartered Accountants

For **G C Patel & Co,**  
Chartered Accountants

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

**G. J. Raghavani**  
Partner  
Membership No. 37210  
Firm Reg. No. 108276W  
Place : Gandhinagar  
Date : 14-08-2012

**Manoj Lekinwala**  
Proprietor  
Membership No. 37663  
Firm Reg. No. 113693W

**Shri Pritesh Vinodchandra Joshi**  
Chairman & Managing Director

Directors :  
**Smt Pragnaben V Joshi**  
**Shri Dilipkumar K Trivedi**

## Statement of Profit and Loss Account for the year ended on 31st March, 2012

Particulars	Note No.	As at 31-03-2012	As at 31-03-2011
<b>Income</b>			
Income from Operations	20	16,21,02,518	10,10,76,758
Other Income	21	26,356	36,654
<b>Total Income (A)</b>		<b>16,21,28,874</b>	<b>10,11,13,412</b>
<b>Expenditure</b>			
Direct Expenses	22	6,55,90,285	1,00,94,808
Hotel Service Expenses	23	2,05,21,482	1,68,50,069
Administrative Expenses	24	70,33,646	62,95,376
Repairing & Maintenance	25	23,32,030	19,53,823
Employees Benefit Expenses	26	1,46,81,281	1,52,71,649
<b>Total Expenses (B)</b>		<b>11,01,58,723</b>	<b>5,04,65,726</b>
Net Profit before Interest & Non Cash Expenses = C (A-B)		5,19,70,151	5,06,47,686
Finance Cost	27	1,70,61,682	1,32,32,838
Cash Profit		3,49,08,469	3,74,14,848
Depreciation Expenses & Non Cash Expenses	28	2,57,23,590	2,89,11,373
Net Profit		91,84,879	85,03,475
Tax Expenses		16,99,203	15,76,544
Earlier Year Adjustment		-1,52,258	31,755
Deferred Tax		42,12,246	46,32,394
Profit after Tax		31,21,173	23,26,292
Earning per Equity Share (Nominal Value of Share Rs.10/- (31st March, 2011 : Rs.10/-)		0.46	0.34
Basic and Diluted Earning per Share (In Rs.)			
Summary of Significant Accounting Policies	1		
The accompanying notes are an integral part of Financial Statements			

As per report of even dated attached herewith

For **GJK & Associates**  
Chartered AccountantsFor **G C Patel & Co,**  
Chartered AccountantsFor and on behalf of the Board of Directors  
For **Gandhinagar Hotels Ltd.****G. J. Raghavani**  
Partner  
Membership No. 37210  
Firm Reg. No. 108276W  
Place : Gandhinagar  
Date : 14-08-2012**Manoj Lekinwala**  
Proprietor  
Membership No. 37663  
Firm Reg. No. 113693W**Shri Pritesh Vinodchandra Joshi**  
Chairman & Managing DirectorDirectors :  
**Smt Pragnaben V Joshi**  
**Shri Dilipkumar K Trivedi**

**NOTES ATTACHED TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF  
GANDHINAGAR HOTELS LIMITED FOR THE YEAR ENDED ON 31-03-2012.****NOTE No. : 1****[1] SIGNIFICANT ACCOUNTING POLICIES:****1.1 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.

**1.2 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 in the Balance Sheet as "Capital work in progress".

**1.3 DEPRECIATION**

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

**1.4 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.

**1.5 INVENTORIES**

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

**1.6 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.

**1.7 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.

**1.8 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.

**1.9 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.



**1.10 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.

**1.11 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.

**1.12 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.

**1.13 SEARCH 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.

**1.14 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.

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
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**NOTE No. : 2****SHARE CAPITAL**

<b>Authorised (Equity Shares)</b> 1,94,00,000 (1,94,00,000) each of Rs.10/-	<b>19,40,00,000</b>	19,40,00,000
<b>Authorised (Redeemable Preference Shares)</b> 6,00,000 (6,00,000) each of Rs.10/-	<b>60,00,000</b>	60,00,000
<b>Total Rs.</b>	<b>20,00,00,000</b>	20,00,00,000

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

**Issued, Subscribed & Paid-up :**

67,75,000 (67,75,000) Equity Shares of Rs.10/- each	<b>6,77,50,000</b>	6,77,50,000
Total Rs.	<b>6,77,50,000</b>	6,77,50,000

The Company has one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets to the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders. Rs. 67750000 (March 31,2011 : Rs.67750000)

**NOTE No. : 3****REDEEMABLE PREFERENCE SHARES**

4,30,000 (4,30,000) Redeemable Preference Shares of Rs.10/- each	<b>43,00,000</b>	43,00,000
Total Rs.	<b>43,00,000</b>	43,00,000

4,30,000 Redeemable Preference Share of Rs. 10/- Each, Redeemable within 10 years or such earlier period as may be determined by the Board. Rs.43,00,000/- (March 31,2011 : Rs.43,00,000)

**Details of shareholders holding more than 5% shares in the Company :**

Name of Shareholders	As on 31-03-2012		As on 31-03-2011	
	No of Shares	% holding in the class	No of Shares	% holding in the class
Late Vinodchandra Punjaram Joshi	0	0	9,24,783	13.65%
Pragnaben Vinodchandra Joshi	0	0	7,85,515	11.59%
Pritesh Vinodchandra Joshi	17,41,098	25.70%	30,800	0.45%
Nikita Pritesh Joshi	3,39,648	5.01%	3,39,648	5.01%
Pragna Finance Pvt. Ltd.	18,34,400	27.08%	18,34,400	27.08%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
<b>NOTE No. : 4</b>		
<b>RESERVE AND SURPLUS</b>		
Share Premium Account	3,67,50,000	3,67,50,000
Balance as per last financial statement		
Profit & Loss A/c		
Balance as per last financial statement	65,31,598	42,05,306
Add : Profit for the current year	31,21,173	23,26,292
Reserve and Surplus	6,75,000	6,75,000
Balance as per last financial statement		
<b>Total Rs.</b>	<b>4,70,77,771</b>	<b>4,39,56,598</b>

**NOTE No. : 5****LONG TERM BORROWINGS - LOAN LIABILITY**

5.1 SBI Loan (No.30299654743)	8,23,67,564	10,00,00,000
5.2. SBI Loan (No.30299645332)	4,61,006	58,53,570
5.3. SBI Loan (No.30907515757)	1,23,00,000	1,67,00,000
5.4 Gandhinagar Nagrik Co-op. Bank Ltd Cash Credit Account	35,08,949	29,65,792
5.5 HDFC Bank Loan Fortuner Car	16,38,654	0
5.6 HDFC Bank Loan BMW Car	0	25,05,159
5.7 HDFC Bank Loan Tata Manza Car	3,22,852	4,19,059
5.8 HDFC Bank Loan Toyota Innova Car	11,70,024	0
<b>Total Rs.</b>	<b>10,17,69,049</b>	<b>12,84,43,580</b>

**Nature of security and terms of repayment for secured borrowings:**

- 5.1 Rupees loan Rs.8,23,67,564( March 31,2011 : Rs.10,00,00,000) for Renovation project & upgradation of Hotel.**  
Term loan from a State Bank of India are secured against Movable and Immovable Properties at Plot No. 231 & 235 Repayable in 20 quarterly installments from the date of loan (December 12, 2007)
- 5.2 Rupees loan Rs. 4,61,006( March 31,2011 : Rs.58,53,570) for Renovation project & upgradation of Hotel.**  
Term loan from a State Bank of India are secured against Movable and Immovable Properties at Plot No. 231 & 235 Repayable in 17 quarterly installments from the date of loan(December 12, 2007)
- 5.3 Rupees loan of Rs.1,23,00,000( March 31,2011 : Rs.1,67,00,000) for Renovation project & upgradation of Hotel.**  
Term loan from a State Bank of India are secured against Movable and Immovable Properties at Plot No. 231 & 235 Repayable in 18 quarterly installments from the date of loan(September 25, 2009)
- 5.4 Rupees cash credit of Rs.35,08,949( March 31,2011 : Rs.29,65,792) Cash Credit Account**  
Cash credit Account secured against hypothecation of stock of stores,linon, cutlary and personal gurantee of Directors.
- 5.5 Rupees loan of Rs.16,38,564 - Fortuner CAR**  
Secured against hypothecation of Fortuner Car financed by HDFC Bank Limited. Repayable in 60 equal monthly installments from the date of loan(August 5, 2011)
- 5.6 Rupees loan of Rs. Nil( March 31,2011 : Rs. 2505159) - BMW CAR**  
Secured against hypothecation of BMW Car financed by HDFC Bank Limited. Total loan amount fully paid in F.Y. 2010-2011 Repayable in 60 equal monthly installments from the date of loan(October 5, 2009)
- 5.7 Rupees loan of Rs.3,22,852( March 31,2011 : Rs. 4,19,059) - Tata Manza Car**  
Secured against hypothecation of Tata Manza Car financed by HDFC Bank Limited Repayable in 60 equal monthly installments from the date of loan(February 5, 2010)
- 5.8 Rupees loan of Rs. 11,70,024 - Toyota Innova Car**  
Secured against hypothecation of Toyota Innova Car financed by HDFC Bank Limited. Repayable in 60 equal monthly installments from the date of loan(February 2, 2012)

**NOTE No. 11 & 12**  
**FIXED ASSETS AND DEPRECIATION AS ON 31-03-2012 AS PER WDV METHOD**

RATE OF DEP.	NAME OF ASSETS	GROSS BLOCK AS ON 01-04-11	ADDITION DURING		GROSS BLOCK AS ON 31-03-12	DEPR. UPTO 31-03-11	DEPR. F. Y. 2011-2012	TOTAL DEPR. UPTO 31-03-12	NET ASSETS AS ON 31-03-12
			FIRST SIX MONTHS OF F.Y. 11-12	LAST SIX MONTHS OF F.Y. 11-12					
1	2	3	4	5	6	7	8	9	10
<b>HOTEL BUILDING PLOT NO. 235</b>									
10.00	BUILDING	188450572	325893	505927	189282392	45752848	14327658	60080507	129201885
13.91	CROCKERY-CUTLARY	2346533	0	47147	2393680	1313664	146951	1460615	933065
13.91	PLANT & MACHINERY	36189752	150180	299026	36638958	16884936	2726987	19611922	17027036
18.10	FURNITURE & FIXTURES	65324008	223107	63815	65610930	29897570	6458343	36355914	29255016
40.00	VEHICLES	6197504	-338351	1341746	7200899	4157568	948983	5106551	2094348
13.91	DEAD STOCK	239821	0	0	239821	216155	3292	219447	20374
0.00	LAND COST	2058015	0	0	2058015	0	0	0	2058015
	SUB TOTAL	300806205	360829	2257661	303424695	98222741	24612214	122834956	180589738
<b>COMMERCIAL BUILDING PLOT NO. 231</b>									
10.00	BUILDING	34456827	0	14900	34471727	28215948	624833	28840781	5630946
13.91	PLANT & MACHINERY	3721349	0	0	3721349	2358277	189603	2547880	1173469
18.10	FURNITURE & FIXTURES	891304	0	0	891304	572300	57740	630040	261264
0.00	LAND	7620000	0	0	7620000	0	0	0	7620000
	SUB TOTAL	46689480	0	14900	46704380	31146525	872176	32018701	14685679
0.00	CAPITAL WORK IN PROGRESS	60496631	0	-18457614	42039017	0	0	0	42039017
	AS ON 31-03-2012	407992316	360829	-16185053	392168092	129369266	25484390	154853657	237314435
	AS ON 31-03-2011	318334046	83386667	6271603	407992316	100697067	28672173	129369267	278623050

**Note No.-11**

Fixed Assets are stated at cost and is inclusive of excise duty and applicable taxes & duties less depreciatio. Cost represents cost of acquisition inclusive of inward freight and incidental expenses related to acquisition are adjustments arising from foreign exchange rate variations, if any. Cost also includes interest and related expenses during construction period upto work in progress put to use. Intangible assets are stated at cost of acquisition less accumulated amortization. Depreciation is provided for as per the Written Down Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

**Note No.:- 12**

Capital Assets under erection / installation are reflected are in the Balance Sheet as " Capital work in progress. The proportionate value of cost of construction with reference to sale of property at commercial building is reduced from capital work in progress.

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
<b>NOTE No. : 6</b>		
<b>LONG TERM LIABILITIES</b>		
6.1 Interest Free Deposits	51,07,195	1,76,87,146
6.2 Security Deposit	<u>31,12,800</u>	<u>14,92,800</u>
<b>Total Rs.</b>	<u><b>82,19,995</b></u>	<u><b>1,91,79,946</b></u>

6.1 Company has received interest free deposit from the promoters and relatives

6.2 Company has received security deposit from various parties against lease rent of shops at Plot No. 231

**NOTE No. : 7****DEFERRED TAX LIABILITIES**

Balance as per last Financial Year	49,55,138	3,22,744
Add : For the current year	<u>42,12,246</u>	<u>46,32,394</u>
<b>Total Rs.</b>	<u><b>91,67,384</b></u>	<u><b>49,55,138</b></u>

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:

	Amount Rs.
Depreciation as per Books of Current Year	2,54,84,390
Depreciation as per Income Tax of Current Year	3,91,16,254
Timing Difference of Depreciation	1,36,31,864
Deferred Tax Assets at 30.90%	42,12,246
Add Defered Tax Assets - Opening	49,55,138
Defered Tax Assets (Net) - Closing	91,67,384

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.

**NOTE No. : 8****TRADE PAYABLES**

8.1 Sundry Creditors Hotel	89,46,594	55,95,282
8.2 Sundry Creditors Hotel renovation	7,46,420	10,95,303
8.3 Sundry Creditors Commercial Building	<u>30,000</u>	<u>1,84,17,500</u>
<b>Total Rs.</b>	<u><b>97,23,014</b></u>	<u><b>2,51,08,085</b></u>

8.1 Various suppliers for purchase of material & services for hotel business.

8.2 Various suppliers for purchase of material for hotel renovation work.

8.3 Supplier for purchase of material for construction of commercial building.

8.4 Under the Micro, Small, Medium Enterprises Develop. Act, 2006 ( MSMED Act ), certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
<b>NOTE No. : 9</b>		
<b>DUTIES AND TAXES PAYABLE</b>		
Payable TDS	10,12,700	1,03,208
Payable ESI Account	25,125	9,671
Payable P. F. & F. P. Account	1,10,668	0
Payable Luxury Tax	4,92,668	0
Payable Service Tax	0	28,386
Payable VAT	18,59,342	5,47,220
Provision for Taxation	16,99,203	15,76,544
<b>Total Rs.</b>	<b>51,99,706</b>	<b>22,65,029</b>

Above payable duties and taxes for TDS, ESI, PF, Luxury Tax, VAT of F.Y. 2011-2012 are paid after Balance Sheet date.

<b>NOTE No. : 10</b>		
<b>SHORT TERM PROVISIONS</b>		
Payable Bonus	6,36,703	5,62,578
Payable Service Charge	6,95,452	2,95,124
Payable for TIP	2,491	4,346
Payable Interest	37,79,584	13,97,486
<b>Total Rs.</b>	<b>51,14,230</b>	<b>22,59,534</b>

Above provision amount already paid after Balance Sheet Date

<b>NOTE No. : 13</b>		
<b>NON-CURRENT INVESTMENTS</b>		
13.1 Share Purchase		
GNCB Bank	77,600	77,600
Co.op Bank of Ahmedabad	1,25,100	1,25,100
B. M. Co.op Bank	4,980	4,980
13.2 Share Application Mones PFPL	35,00,000	35,00,000
13.3 Gandhinagar Hotels USA Ltd.	6,55,850	6,55,850
<b>Total Rs.</b>	<b>43,63,530</b>	<b>43,63,530</b>

13.1 Investment in Share in GNCB, CO.OP. BANK OF AHMEDABAD & B.M.CO.OP.BANK

13.2 Share application money paid to Pragna Finance Pvt. Ltd.. The company in which directors are interested as director of both the company.

13.3 Company has given Rs.655850 as investment to Gandhinagar Hotels USA Ltd. The company in which Directors are interested as Director of Both Company.

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
<b>NOTE No. : 14</b>		
<b>TRADE DEPOSIT</b>		
Trade and Other Deposit	<u>13,86,963</u>	<u>12,85,903</u>
<b>Total Rs.</b>	<u>13,86,963</u>	<u>12,85,903</u>

Trade deposit paid to various parties for supplies of goods, materials and services.

**NOTE No. : 15****INVENTORIES**

Closing Stock (At cost FIFO Method)

Inventories	<u>37,75,122</u>	<u>18,80,675</u>
<b>Total Rs.</b>	<u>37,75,122</u>	<u>18,80,675</u>

**INVENTORIES**

As per inventories taken, valued and certified by the Company

Opening Amount Rs. 1880675

Add : as per last financial statement Rs. 1894447

**Total Inventories Rs. 3775122**

Provision of Excise and modvat are not applicable to the Company.

The provision of licensed capacity / Installed capacity etc. are not applicable to the company.

**NOTE No. : 16****TRADE RECEIVABLES**

Sundry Debtors (Unsecured considered good)

More than six months	<u>10,41,611</u>	17,71,589
Less than six months	<u>17,79,875</u>	<u>20,73,141</u>
<b>Total Rs.</b>	<u>28,21,486</u>	<u>38,44,730</u>

**NOTE No. : 17****CASH AND BANK BALANCE**

17.1 Cash balance on hand	<u>42,47,557</u>	12,012
17.2 Bank balance with Banks	<u>-2,63,411</u>	<u>10,78,530</u>
<b>Total</b>	<u>39,84,146</u>	<u>10,90,542</u>

17.1 Cash balance in hand for imprest cash & main cash book

17.2 Balance With Banks in Current accounts, Escrow account & Co.Op. Bank account

**Cash and Bank balance****Cash on hand**

Imprest Cash	<u>6,000</u>	3,000
Main Cash Book	<u>42,41,557</u>	9,012
Cash balance in hand	<u>42,47,557</u>	12,012

**Balance in current & escrow accounts with Bank**

Axis Bank Escro A/c	<u>2,353</u>	2,353
Balance in current accounts		
Bank of Baroda	<u>33,559</u>	1,396

Particulars	As on 31-03-2012 Rs.	As on 31-03-2011 Rs.
Bank of Maharashtra A/c Bombay	1,000	1,000
HDFC Bank Limited	-953	-24,910
Indian Overseas Bank	2,25,321	82,151
HDFC Bank Limited - Fortune Inn Haveli	1,05,510	2,86,495
HDFC Bank Limited - GHL Account	4,96,763	6,163
State Bank of India Current A/c	-11,28,158	7,22,686
Balance in current account with Co-operative Bank		
Cosmos Bank Limited A/c	1,195	1,195
Balance with banks	-2,63,411	10,78,530
<b>Total Rs.</b>	<b>39,84,146</b>	<b>10,90,542</b>

**NOTE No. : 18****LOANS AND ADVANCES**

18.1 Pre Paid Expenses	84,865	1,29,491
18.2 With revenue authority tax (TDS Receivable)	3,46,082	1,72,941
18.3 With revenue authority tax (TDS Receivable)	57,925	55,160
18.4 Advance to suppliers	8,57,257	37,08,875
18.5 Advance for Hotel renovation	17,34,638	15,20,163
18.6 Advance for commercial building	2,15,650	75,250
18.7 Advance for Staff	0	5,300
18.8 With revenue authority Service Tax	9,59,049	8,03,102
<b>Total Rs.</b>	<b>42,55,466</b>	<b>64,70,281</b>

**LOANS AND ADVANCES**

- 18.1 Advance insurance paid for vehicles, property, staff insurance.  
 18.2 TDS amount deduction in Various debtors for bills  
 18.3 TCS receivable amount deduction in Liquor purchase  
 18.4 Advance paid to suppliers for purchase of material, & services.  
 18.5 Advance paid to suppliers for purchase of material for Hotel renovation work  
 18.6 Advance paid to suppliers of materials for commercial building work.  
 18.7 Advance paid for staff balance amount is nil  
 18.8 Service Tax credit shown as per last financial year return

**NOTE No. : 19****OTHER CURRENT ASSETS**

Preliminary Expenditure		4,20,000	6,59,200
Preliminary expenses written off at the rate of 20% each year			
Preliminary Expenditure	Rs.11,96,000		
Earlier years w.o.	Rs.5,36,800		
Add : F.Y. 2011-2012	Rs.2,39,200		
Total written off amount	Rs.7,76,000		
Balance amount	Rs.4,20,000		
<b>Total Rs.</b>		<b>4,20,000</b>	<b>6,59,200</b>



Particulars	F. Y. 2011-2012 Rs.	F. Y. 2010-2011 Rs.
<b>NOTE No. : 20</b>		
<b>INCOME FROM OPERATION</b>		
<b>(A) Hotel Business</b>		
Room Tariff	3,89,78,615	6,41,65,106
Room Service and Minibar	13,73,266	12,80,603
Conference/Hall Charges	56,52,261	37,68,707
Liquor Sales	1,48,73,296	1,32,54,042
Restaurant & Banquet Sales	1,35,00,661	94,03,811
Telephone Fax Income	52,23,904	9,50,011
Laundry Income	21,03,605	2,16,305
Income from Games	89,58,745	34,27,750
Taxi Income	74,63,962	46,03,623
Rent Income	72,000	72,000
Other Income	21,086	3,827
Foreign currency difference income	30,911	0
<b>Total Rs.</b>	<b>9,82,52,312</b>	<b>10,11,45,785</b>
<b>(B) Haveli Super Mall</b>	<b>2,70,52,774</b>	<b>0</b>
<b>(C) Commercial Building</b>		
Commercial Shop Sales	3,32,33,900	0
Rent Income	16,69,084	2,75,600
<b>Total Rs.</b>	<b>3,49,02,984</b>	<b>2,75,600</b>
<b>(D) Closing Stock Increase/Decrease</b>	<b>18,94,448</b>	<b>-3,44,627</b>
<b>Total Rs.</b>	<b>16,21,02,518</b>	<b>10,10,76,758</b>
<b>NOTE No. : 21</b>		
<b>OTHER INCOME</b>		
Interest on deposits	18,596	28,894
Dividend Income	7,760	7,760
<b>Total Rs.</b>	<b>26,356</b>	<b>36,654</b>
<b>NOTE No. : 22</b>		
<b>DIRECT EXPENSES</b>		
<b>(A) Hotel Business</b>		
Restaurant Purchase	1,02,74,748	76,28,195
Staff Food Cost	-16,46,622	-1,64,850
Fuel Expenses	14,38,916	9,51,673
Restaurant & Banquet Expenses	22,64,954	12,93,120
Crockery Cultlery Linon	1,62,287	38,66,70
<b>Total Rs.</b>	<b>1,24,94,284</b>	<b>1,00,94,808</b>
<b>(B) Haveli Super Mall</b>	<b>2,55,47,688</b>	<b>0</b>
Haveli Super Mall Purchase	2,55,47,688	0
<b>(C) Commercial Building</b>		
Construction Cost	2,75,48,313	0
<b>Total Rs.</b>	<b>6,55,90,285</b>	<b>1,00,94,808</b>

Particulars	F. Y. 2011-2012 Rs.	F. Y. 2010-2011 Rs.
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**NOTE No. 23****HOTEL SERVICE EXPENSES**

Electricity Expenses	48,69,887	42,56,763
House Keeping Expenses	12,31,397	9,89,902
Water & Drainage Charges	44,455	33,725
Liquor Purchase	35,77,971	33,01,388
VAT Paid on Liquor & Food	64,28,781	56,06,489
Wine Shop Expenses	18,39,968	17,52,029
Cartage & Freight Expenses	89,755	95,602
Kitchen Expenses	3,64,812	1,15,737
Laundry Expenses	38,670	10,760
Kasar Expenses	3,03,712	51,659
Gujarat Luxury Tax Fix Charges	17,32,074	6,36,016
<b>Total Rs.</b>	<b>2,05,21,482</b>	<b>1,68,50,069</b>

**NOTE No. : 24****ADMINISTRATIVE EXPENSES**

Stationery & Printing Expenses	4,80,851	6,62,096
Postage Expenses	50,855	39,148
Legal Fees & Expenses	6,15,950	2,07,566
Directors Travelling & Other Expenses	33,480	1,32,258
Misc. Expenses	6,55,170	5,45,771
Membership Fees	27,925	15,569
Insurance Expenses	2,89,994	2,71,818
Auditors Remuneration	40,000	40,000
Listing Fees	25,600	15,000
Consultancy Fees	41,52,087	34,27,477
Advertisement Expenses	4,28,933	6,07,175
Professional Tax - Company	2,400	2,400
Conveyance & Travelling	1,13,525	96,940
Stamp Charges	500	4,780
Entertainment Expenses	91,016	1,61,859
Share Transfer & Demat Charges	25,361	65,519
<b>Total Rs.</b>	<b>70,33,646</b>	<b>62,95,376</b>

**NOTE No. : 25****REPAIRING & MAINTENANCE**

Machinery Repairing & Maintenance	7,60,985	7,62,913
Audio-Video Repairing & Maintenance	1,02,000	1,11,500
Computer Repairing & Maintenance	1,27,393	86,222
Building Repairing & Maintenance	4,70,208	6,35,736
Electric Repairing & Maintenance	7,00,319	2,42,909
Furniture Repairing & Maintenance	1,71,125	1,14,543
<b>Total Rs.</b>	<b>23,32,030</b>	<b>19,53,823</b>

**NOTE No. : 26****EMPLOYEES BENEFIT EXPENSES**

Salary Expenses	36,87,901	36,34,448
Conveyance Allowance	13,06,034	13,39,311
Personnel Allowance	22,52,783	23,67,161

Particulars	F. Y. 2011-2012 Rs.	F. Y. 2010-2011 Rs.
Bonus Expenses	4,29,432	5,03,997
Directors Remuneration	23,80,000	31,85,000
Director Sitting Fees	10,000	0
Security Guard Charges	10,46,289	6,06,327
Staff HRA Expenses	19,59,436	20,90,167
Uniform Expenses	4,94,618	1,59,182
Staff PF/FP/ADM/EDI Company Portion	7,25,405	8,81,441
Staff ESI Company Portion	2,30,293	2,40,648
Staff Welfare Expenses	18,874	22,059
Medical Allowance & Expenses	1,40,216	41,908
<b>Total Rs.</b>	<b><u>1,46,81,281</u></b>	<b><u>1,52,71,649</u></b>

**RETIREMENT / POST RETIREMENT 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.

No Provision for Retirement Gratuity has been made in the accounts and the same shall be accounted for as and when it is paid.

**NOTE No. : 27****FINANCE COST**

Bank Commission	27,814	91,427
Bank Interest Expenses	1,65,93,026	1,28,70,023
Lease Rental Expenses	2,085	2,585
Credit Card & Coupon Service Charges	4,38,757	2,68,803
<b>Total Rs.</b>	<b><u>1,70,61,682</u></b>	<b><u>1,32,32,838</u></b>

**NOTE No. : 28****DEPRECIATION EXPENSES & NON CASH EXPENSES**

Depreciation	2,54,84,390	2,86,72,173
Preliminary Expenses W/o	2,39,200	2,39,200
<b>Total Rs.</b>	<b><u>2,57,23,590</u></b>	<b><u>2,89,11,373</u></b>

**NOTE No. : 29****SEGMENT INFORMATION**

The Company is engaged mainly in Hotel Business. The Company is also engaged in Trading viz. with Super Mall business. Company has recongnized construction of commercial property for sale as a new business activity which is shown as separate reportable segment as per Accounting Standard on Segment Reporting.

Revenue	Hotel Business	Haveli Super Mall	Commercial Building	Total
Income	10,01,46,760	2,70,52,774	3,49,02,984	16,21,02,518
Expenses	5,70,62,722	2,55,47,688	2,75,48,313	11,01,58,723
Segment Result	4,30,84,038	15,05,086	73,54,671	5,19,43,795
Other Income				26,356
Total Net Income				5,19,70,151
Finance Cost				1,70,61,682
Depreciation Expenses & Non Cash Expenses				2,57,23,590
Profit				91,84,879
Earliers Year Adjustment				1,52,258
Profit before Tax				90,32,621
Tax Expenses				59,11,448
Profit for the Year				31,21,173

Particulars	Hotel Business	Haveli Super Mall	Commercial Building	Total
Hotel Building	30,34,24,695	0	0	30,34,24,695
Commercial Building	2,21,82,164	79,46,102	1,65,76,114	4,67,04,380
Total Assets	32,56,06,859	79,46,1,02	1,65,76,114	35,01,29,075
Capital Work in Progress	44,79,109	0	3,75,59,908	4,20,39,017
Non Current Liabilities - Allocable	8,34,37,926	1,05,65,449	2,51,53,053	11,91,56,428
Current Liabilities - Allocable	96,93,014	0	30,000	97,23,014
Current Liabilities - Unallocable				1,03,13,935
Depreciation	13,80,42,183	54,47,537	1,13,63,937	15,48,53,657
Non Current Assets Other - Allocable	43,63,530	0	0	43,63,530
Non Current Assets Other - Unallocable				13,86,963
Current Assets - Allocable	62,51,764	0	8,25,188	70,76,952
Current Assets - Unallocable				81,79,268

**NOTE : 30**

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.

**NOTE : 31****Remuneration to Directors & Traveling Expenses**

Rs. in Lacs

	<b>31.03.2012</b>	31.03.2011
Directors Remuneration	<b>31.85</b>	23.96
Directors Traveling Expenses	<b>0.33</b>	1.32
<b>Total Rs.</b>	<b>32.18</b>	25.28

**NOTE : 32****Value of Imports CIF Basis**

Rs. in Lacs

	<b>31.03.2012</b>	31.03.2011
Raw materials and components	<b>0.31</b>	0.38

**NOTE : 34**

The Company does not have any contingent liabilities.

**NOTE : 35**

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.

**NOTE : 36**

In the opinion of the Board of Director, the provision for depreciation and all known liabilities are adequate and are not in excess of the amount considered reasonably necessary.

**NOTE : 37**

The Vat Tax Assessment of the Company has been completed upto Assessment Year 2009-10. The Income Tax Assessment of the Company has been completed upto Assessment Year 2009-10. The Luxury Tax Assessment of the Company has been completed up to 31-03-2011.

**NOTE : 38**

Related party (As identified by the Company) disclosures under Accounting Standard 18 :

## (1) Associates :

Gandhinagar Leasing and Finance Limited  
Pragna Finance Private Limited  
Pragna Auto Service and  
Haveli INN

## (2) Key Management Personnel : (Other than Independent Director)

Smt. Pragnaben V. Joshi  
Mr. Pritesh V. Joshi  
Mr. Dilipkumar K. Trivedi

## (3) Chief Accountant/Managers

Mr. Pankaj D Parekh and Mr. Jitendra M. Darji

## (4) Transactions with related parties :

- 1 The Company has given Rs.35,00,000/- as Share Application Money (Previous Year Rs. 35,00,000/-) to the Company in which directors are interested, as director of both the Company.
- 2 Traveling Expenses of Managing Directors & Other Directors : Rs. 33,480/- (Previous Year Rs. 1,32,258/-)
- 3 Managerial remuneration paid to Managing Director & Other Directors : Rs. 23,80,000/-(Previous Year: Rs. 31,85,000/-)
4. The company has received Unsecured Interest Free Deposit of Rs. 51,07,195/- (Previous Year Rs. 1,76,87,146/- Lacs ) from relatives of Directors of the Company.
- 5 The Company has received Rs. nil/-(Previous Year Rs. Rs. 1,99,20,886/-) 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. 72,000/- ) from the company in which Directors are interested, as director of the Companies.
8. The company has paid Lease Rent of Rs. 2085/- ( 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. 43,00,000) 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 said convertible warrants.

## 12. EPS CALCULATION \*

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Profit attributable to the Equity Shareholder (Before prior expenses) (Amount in Rupees)	<b>31,21,173</b>	23,26,292
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>0.46</b>	0.34
Diluted Earning Per Share based on Date of Issue of Shares	<b>0.46</b>	0.34

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

Signature to Note No. 2 to 19 of Balance Sheet and 20 to 28 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 **G C Patel & Co,**  
*Chartered Accountants*

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

**G. J. Raghavani**

*Partner*

Membership No. 37210

Firm Reg. No. 108276W

**Place :** Gandhinagar

**Date :** 14-08-2012

**Manoj Lakinwala**

*Proprietor*

Membership No. 37663

Firm Reg. No. 113693W

**Shri Pritesh Vinodchandra Joshi**

*Chairman & Managing Director*

*Directors :*

**Smt Pragnaben V Joshi**

**Shri Dilipkumar K Trivedi**

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	01-04-2011 to 31-03-2012	01-04-2010 to 31-03-2011
<b>Statement of cash flows</b>		
Cash flows from used in operating activities		
Profit before extraordinary items and tax	<b>91,84,879</b>	85,03,475
Adjustments for reconcile profit (loss)		
Adjustments to profit (loss)		
Adjustments for finance costs	<b>1,70,61,682</b>	1,32,32,838
Adjustments for depreciation and amortisation expense	<b>2,54,84,390</b>	2,89,11,373
Adjustments for dividend income	<b>26,356</b>	36,654
Adjustments for share-based payments	<b>0</b>	0
Other adjustments for which cash effects are investing or financing cash flow	<b>0</b>	0
Other adjustments to reconcile profit (loss)	<b>0</b>	0
Other adjustments for non-cash items	<b>0</b>	0
Total adjustments to profit (loss)	<b>4,25,19,716</b>	4,21,07,557
Adjustments for working capital		
Adjustments for decrease (increase) in inventories	<b>-18,94,447</b>	3,44,627
Adjustments for decrease (increase) in trade receivables	<b>10,23,244</b>	-16,40,220
Adjustments for decrease (increase) in other current and non-current assets	<b>23,52,955</b>	80,75,587
Adjustments for increase (decrease) in trade payables	<b>-1,53,85,071</b>	3,44,952
Adjustments for increase (decrease) in other current and non-current liabilities	<b>29,34,677</b>	0
Adjustments for provisions	<b>28,54,696</b>	-17,30,482
Total adjustments for working capital	<b>-81,13,946</b>	53,94,464
Total adjustments for reconcile profit (loss)	<b>3,44,05,770</b>	4,75,02,021
Net cash flows from (used in) operations	<b>4,35,90,649</b>	5,60,05,496
Dividends received	<b>26,356</b>	36,654
Interest paid	<b>1,70,61,682</b>	1,32,32,838
Interest received	<b>0</b>	0
Income taxes (paid) refund	<b>0</b>	0
Other inflows (outflows) of cash	<b>0</b>	0
Net cash flows from (used in) operating activities before extraordinary items	<b>2,65,55,323</b>	4,28,09,312
Proceeds from extraordinary items	<b>0</b>	0
Payment for extraordinary items	<b>0</b>	7,00,000
Net cash flows from (used in) operating activities	<b>2,65,55,323</b>	4,21,09,312
Cash flows from used in investing activities		
Other cash receipts from sales of equity or debt instruments of other entities	<b>0</b>	19,00,000
Other cash payments to acquire equity or debt instruments of other entities	<b>0</b>	0
Proceeds from sales of tangible assets	<b>1,84,57,614</b>	0
Purchase of tangible assets	<b>26,33,390</b>	1,75,21,704
Proceeds from sales of intangible assets	<b>0</b>	0
Purchase of intangible assets	<b>0</b>	0
Cash advances and loans made to other parties	<b>0</b>	0
Cash receipts from repayment of advances and loans made to other parties	<b>0</b>	0
Dividends received	<b>0</b>	0
Interest received	<b>0</b>	0
Income taxes (paid) refund	<b>16,99,203</b>	0



Other inflows (outflows) of cash	<b>-1,52,256</b>	31,753
Net cash flows from (used in) investing activities before extraordinary items	<b>1,39,72,765</b>	-1,55,89,951
Net cash flows from (used in) investing activities	<b>1,39,72,765</b>	-1,55,89,951
Cash flows from used in financing activities		
Repayments of borrowings	<b>3,76,34,482</b>	2,55,64,779
Dividends paid	<b>0</b>	0
Interest paid	<b>0</b>	0
Income taxes (paid) refund	<b>0</b>	0
Other inflows (outflows) of cash	<b>0</b>	0
Net cash flows from (used in) financing activities before extraordinary items	<b>-3,76,34,482</b>	-2,55,64,779
Payment for extraordinary items	<b>0</b>	0
Net cash flows from (used in) financing activities	<b>-3,76,34,482</b>	-2,55,64,779
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	<b>28,93,606</b>	9,54,582
Net increase (decrease) in cash and cash equivalents	<b>28,93,606</b>	9,54,582
Cash and cash equivalents cash flow statement at end of period	<b>39,84,147</b>	10,90,541

As per report of even dated attached herewith

For **GJK & Associates**  
Chartered Accountants

For **G C Patel & Co,**  
Chartered Accountants

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

**G. J. Raghavani**  
Partner  
Membership No. 37210  
Firm Reg. No. 108276W  
**Place :** Gandhinagar  
**Date :** 14-08-2012

**Manoj Lakinwala**  
Proprietor  
Membership No. 37663  
Firm Reg. No. 113693W

**Shri Pritesh Vinodchandra Joshi**  
Chairman & Managing Director

Directors :  
**Smt Pragnaben V Joshi**  
**Shri 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, 2012 and 31st March, 2011 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 **G. C. Patel & Co.**  
*Chartered Accountants*

**Place :** Gandhinagar

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

**Manoj H. Lakinwala**  
*Partner*

**Date :** 14.08.2012

Membership No : 37210  
Firm Reg. No. : 108276W

Membership No : 37663  
Firm Reg. No. : 113693W

# GANDHINAGAR HOTELS LIMITED

Registered Office :

Plot No. 235, Sector - 11, "Fortune Inn Haveli", CH - Road, Gandhinagar - 382 011

## ATTENDANCE SLIP

(Name & Address of Member/Proxy)

Folio No.	
No. of Shares	
Sr. No.	

I hereby record my presence at the 32nd Annual General Meeting of the Company at Fortune Inn Haveli, Plot No. 235, Sector 11, Gandhinagar - 382011 on Saturday, 29th September, 2012 at 11.30 a.m.

Signature of the attending Member/Proxy	
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- Notes :**
1. A Shareholder/Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.
  2. A Shareholder/Proxy holder desiring to attend the Meeting should bring his copy of the Annual Report for reference at the Meeting.

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# GANDHINAGAR HOTELS LIMITED

Registered Office :

Plot No. 235, Sector - 11, "Fortune Inn Haveli", CH - Road, Gandhinagar - 382 011

## PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or \_\_\_\_\_ failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Saturday, 29th September, 2012 at 11.30 a.m. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signature

Affix a  
Rs.1/-  
Revenue  
Stamp

Folio No.
No. of Shares
Sr. No.

- Notes :**
1. The Proxy must be returned so as to reach the Registered Office of the Company, not less than Forty Eight hours before the time for holding the aforesaid meeting.
  2. A Proxy need not be a Member of the Company.

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