

30th Annual Report

2009-2010

FORTUNE INN HAVELI



GANDHINAGAR HOTELS LIMITED

GANDHINAGAR HOTELS LIMITED

BOARD OF DIRECTORS

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

AUDITORS

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

REGISTERED OFFICE

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

BANKERS

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

NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

Increase in Authorized Share Capital of the Company :

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

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

Item No: 3

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

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

Item No: 4

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

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

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

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

Item No: 6

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

Item No: 7

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

Item no: 8

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

Item no: 9

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

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

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

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

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

Place : Gandhinagar
Date : 16.07.2010

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

DIRECTORS' REPORT

Dear Shareholders,

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

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

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

REVIEW OF OPERATIONS

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

PARTICULARS OF EMPLOYEES

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

DIVIDEND

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

INSURANCE

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

DIRECTORATE

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

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

AUDIT COMMITTEE

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

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 have been followed, along with proper explanation read with the notes to the accounts relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March, 2010 and of the profits of the Company for the year end on that date.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the Annual Accounts on a going concern basis.

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

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

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

Foreign Exchange Earned	NIL
Foreign Exchange out go	Rs. 0.60 lacs

DEPOSITS

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

AUDITORS

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

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

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS

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

ACKNOWLEDGMENTS

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

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

Place : Gandhinagar
Date : 16/07/2010

Major Vinodchandra P Joshi (Retd)
Chairman & Mg Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Overview

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

Industry structure

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

Prospects

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

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

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

Opportunities, Threats, Risks and concerns

Strengths	Weaknesses
<ul style="list-style-type: none"> - Hotel is conveniently located to cater to business and other guests. - Existing Profit generating Hotel- - Experienced Management Team and Motivated Work Force - Capacity of Standard Room for availing large Client base. 	<ul style="list-style-type: none"> - Frequent Changes in lower category of staff - High tax structure in the business including luxuries tax and other taxes - Increasing in the Operating cost of the Company and other fix expenses

Opportunities	Threats
<ul style="list-style-type: none"> - Sales and Marketing arrangement with fortune parks Hotels Limited Gives very vast opportunity. - The Focus on Corporate Clients which tend to increase in Gandhinagar due to GIFT project of Gujarat Govt. - Strong Brand Tie-up - Raising Income level attract the business 	<ul style="list-style-type: none"> - Increasing Competition in hotel business - The business largely depends on corporate events and affected by govt. Policies. - Increasing cost of Raw Materials - 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

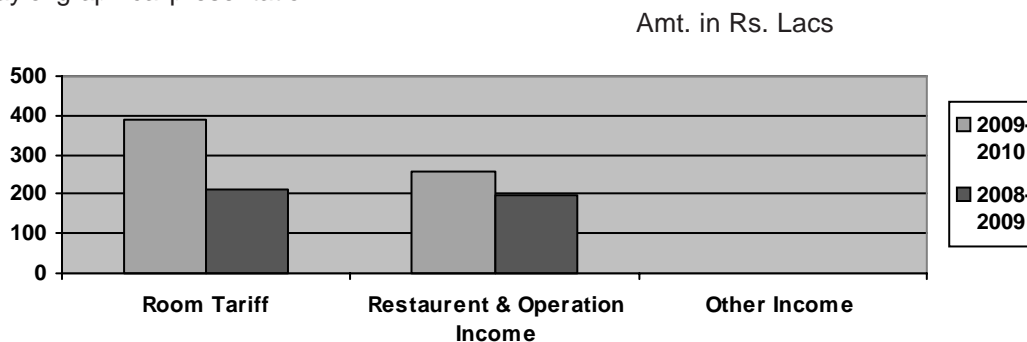
The Financial performance during the year ended 31st March, 2010 was satisfactory with compare to last financial year. The Company expects better performance in the years to come. During the year under review the Company has achieved a Net profit of Rs. 44.92 Lacs as Compared to Rs. 22.64 Lacs for last 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:



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 ten directors on its Board. The Board has executive Chairman & Managing Director Mr. Vinodchandra P. 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: 30th April, 2009, 31st July, 2009, 27th August, 2009, 31st October, 2009 and 30th January 2010. 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 Executive Promoter	5	Y	2	1
Mr. Pritesh V. Joshi +	Jt. MD Executive Promoter	5	Y	2	0
Smt. Pragnaben V. Joshi	Executive Promoter	5	Y	1	0
Mr. Viral V. Joshi	Executive Promoter Group	*	N	1	1
Mr. Dilipkumar K. Trivedi @+	Executive Director	5	Y	1	0
Mr. Prakash G Ramrakhiani	NED	*	N	1	0
Mr. Yogeshchandra Joshi \$	NED	*	N	2	0
Mr. Popatbhai V. Patel @\$	NED	4	Y	1	0
Mr. Dinesh M. Mundra @+	NED	*	N	0	0
Wg. Cdr Manik Anchilia (Retd.) \$	NED	4	Y	1	1

Notes :

@ 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

* As appointed w.e.f. 08-03-2010 no Board Meeting held thereafter for the F. Y. 2009-2010

(0) Indicates Chairman

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, interalia 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	Non Executive Independent Director
Mr. Dilipkumar K Trivedi	Member	Executive Director
Mr. Dinesh M Mundra	Member	Non Executive Independent Director

c) Audit Committee Meetings:

During the year, Audit Committee met 4 times on 30th April, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010 and all the members have attended the meeting.

4. Remuneration Committee :

The Company has formed Remuneration Committee wef. 30th January, 2010 as under :

REMUNERATION COMMITTEE		
Mr. Yogeshchandra T Joshi	Chairman	Non Executive independent director
Wg Cdr Manik Ancharia	Member	Non Executive independent director
Mr. Popatbhai 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 2009-2010.

Details of remuneration paid to the Directors for the year 2009-2010.

Name of the Directors	Salary Rs.	Perquisites Rs.
Major Vinodchandra P Joshi (Retd.) Chairman & Managing Director	15,00,000 /-	8,400/-
Mr. Pritesh V Joshi Vice Chairman & Jt. Managing Director	6,00,000/-	8,400/-
Mr. Viral V. Joshi (Appointed w.e.f. 8-3-2010)	30,000/-	8,400/-
Mr. Dilipkumar K Trivedi	2,32,600/-	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 31.03.2010. 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	6	6
Misc like Dividend etc	2	2
Total	8	8

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
2006-2007	Plot No. 235, Hotel Haveli, Sector-11, Gandhinagar	12.09.2007	11.00 a.m.	1. Alter Clause V of the Memorandum of the Company. 2. To issue and allot Cumulative Red. Pref. Shares as per the provisions of Sec. 81(1A) of the Companies Act, 1956
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.

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 to 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 heard 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 30th Annual General Meeting will be held on Monday, 30th August, 2010 at 04:00 P.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 Monday 23rd, August, 2010 to Monday 30th August, 2010 (Both days inclusive.)

c) Financial Calendar for the year 2010-2011 (Provisional)

Results for the	By the end of
Quarter ending 30 th June, 2010	July, 2010
Quarter ending 30 th September, 2010	October, 2010
Quarter ending 31 st December, 2010	January, 2011
Quarter ending 31 st March, 2011.	April, 2011

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 2010-2011.

f) High/Low quotation of the Equity Shares for the Last financial year i.e. 2009-2010:

Month	High Price	Low Price
Apr-09	29.00	23.20
May-09	31.30	25.45
Jun-09	37.80	28.25
Jul-09	33.50	29.35
Aug-09	35.50	31.25
Sep-09	45.90	31.30
Oct-09	47.70	38.05
Nov-09	40.10	34.35
Dec-09	48.65	30.15
Jan-10	56.40	44.35
Feb-10	72.20	52.15
Mar-10	67.60	54.25

g) Stock Code: 530237

h) Distribution of Shareholdings as on 31.03.2010

Authorized Share Capital : Rs. 8,00,00,000

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	994	79.84	173139	02.56
2.	501	1000	74	05.95	61026	00.90
3.	1001	2000	42	03.37	61453	00.91
4.	2001	3000	13	01.04	32618	00.48
5.	3001	4000	19	01.53	65466	00.96
6.	4001	5000	10	00.80	46331	00.68
7.	5001	10000	29	02.33	211392	03.12
8.	10001	9999999999	64	05.14	6123575	90.39
	Total	1245	100.00	6775000	100.00	

i) Distribution of total Shareholding as on 31.03.2010

Sr.	Category	No. of Shares held	% of Shareholding
1.	Indian Promoters	1652648	24.39
2.	Relative of Directors	250000	03.69
3.	Corporate Body (Promoter Co)	1835000	27.09
4.	Hindu Undivided Family (HUF)	13650	00.20
5.	Others bodies Corporate	149059	02.20
6.	Indian Public	2647782	39.08
7.	Public Category (NRI)	225000	03.32
8.	Clearing Member	1861	00.03
	Total	6775000	100.00

j) List of Directors holding shares 1% or more as on 31st March, 2010:

Name of the shareholder	No of Shares	%
Vinodchandra Punjaram Joshi	929558	13.72
Pragnaben Vinodchandra Joshi	785515	11.60
Viral V. Joshi	93500	01.38

- k) 1) Name of CEO Major Vinodchandra P Joshi(Retd.),
Chairman & Managing Director
- 2) Name of CFO & Compliance Officer Mr. Dilipkumar K Trivedi,
Executive Director (Accounts)
- l) 1) Hotel Location Hotel "Haveli", Plot No.235,
Sector-11, "Ch" Road
Gandhinagar 382 011 (Gujarat)
Phones : 079-23224051-56
Fax : 079-23224057
- 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
Phone : (079) 26465179
- Contact Person : Mr. Hitesh Patel
E Mail : 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, 2010, 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, **MANOJ LEKINWALA & CO.**
Chartered Accountants

Place: Gandhinagar
Date: 16.07.2010

Manoj H Lekinwala
Proprietor

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, 2010, 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, 2010 and Profit and Loss Account for the year ended on 31-3-2010 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, 2010;

- 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, 2010.
- 3) In the case of Cash Flow statement of the company for the Financial year 2009-2010.

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

Place : Gandhinagar

Date : 16.07.2010

(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 not granted or taken 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 31st March,2010 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 Manoj Lekinwala & Co.
Chartered Accountants

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

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

Balance Sheet as on 31st March, 2010

(Amount Rs.)

Particulars	Schedule	As on 31-03-2010	As on 31-03-2009
SOURCES OF FUNDS :			
Shareholder's Funds :			
	A		
1. A.Equity Share Capital		6,77,50,000	6,77,50,000
B.Redemable Preference Share Capital		43,00,000	43,00,000
C.Share Application Money		0	6,75,000
2. Reserves & Surplus	B	4,16,30,306	4,09,18,262
		<u>11,36,80,306</u>	<u>11,36,43,262</u>
Loan Funds :			
Secured Loan	C	14,76,28,570	14,18,28,570
Cash Credit	D	75,60,089	21,34,605
Trade & Other Deposits	E	2,15,63,760	56,66,000
Deferred Tax Liability		<u>3,22,744</u>	<u>0</u>
Total Sources of Funds		<u><u>29,07,55,470</u></u>	<u><u>26,32,72,437</u></u>
APPLICATION OF FUNDS :			
Fixed Assets			
	F		
1. Gross Block		25,78,37,415	21,96,52,691
2. Less : Depreciation		-10,06,97,067	-8,07,15,892
3. Net Block		<u>15,71,40,348</u>	<u>13,89,36,799</u>
4. Capital Work in Progress		13,26,33,170	10,19,45,543
5. Deffered Tax Assets		0	4,04,928
Investment	G	<u>62,63,530</u>	<u>28,63,530</u>
Current Assets, Loans & Advances			
	H		
1. Inventories		22,25,301	19,92,548
2. Sundry Debtors		22,04,510	14,83,628
3. Cash & Bank Balance		1,35,959	1,11,51,840
4. Loans & Advances		<u>1,58,31,772</u>	<u>2,10,48,193</u>
Total Current Assets		<u>2,03,97,542</u>	<u>3,56,76,209</u>
Current Liabilities & Provisions			
	I		
1. Sundry Creditors		1,70,12,888	1,52,79,398
2. Provisions		<u>88,64,632</u>	<u>15,72,774</u>
Total Current Liabilities & Provisions		<u>2,58,77,520</u>	<u>1,68,52,172</u>
Net Current Assets		-54,79,978	1,88,24,037
Miscellaneous Expenditure		<u>1,98,400</u>	<u>2,97,600</u>
Total Application of Funds		<u><u>29,07,55,470</u></u>	<u><u>26,32,72,437</u></u>

As per Report of even date attached herewith
For **Manoj Lekinwala & Co.,**
Charetered Accountants

Manoj H. Lekinwal
Proprietor

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

Major Vinodchandra P. Joshi (Retd.)
Chairman & Managing Director

Place : Gandhinagar
Date : 16-07-2010

Directors

Mrs. Pragnaben V Joshi Mr. Popatbhai V. Patel Mr. Dinesh M Mundra
Mr. Pritesh V Joshi Mr. Viral V. Joshi Wg. Cdr Manik Anchalia
Mr. Prakash G. Ramrakhiani Mr. Dilipkumar K. Trivedi Mr. Yogeshchandra Joshi

Profit & Loss Account for the year ended on 31st March, 2010

(Amount Rs.)

Particulars	Schedule	For F. Y. 31-3-2010	For F. Y. 31-3-2009
INCOME :			
Room Tariff		3,90,61,644	2,14,00,100
Income from Operation	1	2,59,30,473	1,94,59,547
Other Income	2	53,553	51,944
Total Income : A		6,50,45,670	4,09,11,591
EXPENDITURE :			
Restaurant Expenses	3	64,58,194	63,48,507
Hotel Service Expenses	4	1,33,24,352	92,18,604
Administrative Expenses	5	18,84,333	6,07,019
Repairing & Maintenance	6	5,72,677	4,80,927
Salary, Wages & Benefits	7	91,56,874	51,16,236
Total Expenses : B		3,13,96,429	2,17,71,293
Net Profit before Interest & Non Cash Expenses C: (A-B)		3,36,49,241	1,91,40,298
Financial Expenses	8	59,01,338	1,23,569
Cash Profit		2,77,47,903	1,90,16,729
Non Cash Expenses	9	2,00,80,374	1,61,63,537
Net Profit		76,67,529	28,53,192
Provision for Taxation		17,30,482	10,31,616
Provision for Fringe Benefit Tax		0	82,818
Deffered Tax Expenses		7,27,672	-5,26,061
Corporate Tax on Dividend		7,17,846	0
Profit after Tax		44,91,529	22,64,819
Profit earlier year		41,68,262	19,12,545
Earlier year adjustment		-2,30,629	-9,102
Profit available for Appropriation		84,29,162	41,68,262
Dividend to Prefence Share Holders		8,36,356	0
Dividend to Equity Share Holders		33,87,500	0
Profit transfered to Reserve and Surplus		42,05,306	41,68,262

As per Report of even date attached herewith
For **Manoj Lekinwala & Co.,**
Chartered Accountants

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

Manoj H. Lekinwal
Proprietor

Major Vinodchandra P. Joshi (Retd.)
Chairman & Managing Director

Directors

Place : Gandhinagar
Date : 16-07-2010

Mrs. Pragnaben V Joshi Mr. Popatbhai V. Patel Mr. Dinesh M Mundra
Mr. Pritesh V Joshi Mr. Viral V. Joshi Wg. Cdr Manik Anchalia
Mr. Prakash G. Ramrakhiani Mr. Dilipkumar K. Trivedi Mr. Yogeshchandra Joshi

Particulars	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
SCHEDULE : A		
SHARE CAPITAL		
AUTHORISED		
74,00,000 (74,00,000) Equity Shares of Rs.10/- each	7,40,00,000	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>
Total Rs.	<u>8,00,00,000</u>	<u>8,00,00,000</u>
Issued, Subscribed & Paid-up :		
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
Application Money for Convertible Warrants	0	6,75,000
Total Rs.	<u>7,20,50,000</u>	<u>7,27,25,000</u>
SCHEDULE : B		
RESERVE AND SURPLUS		
Share Premium Account	3,67,50,000	3,67,50,000
Profit & Loss A/c	42,05,306	41,68,262
Reserve and Surplus	<u>6,75,000</u>	<u>0</u>
Total Rs.	<u>4,16,30,306</u>	<u>4,09,18,262</u>
SCHEDULE : C		
SECURED LOAN		
Secured Loans from		
Term Loan		
1. SBI Loan (No.30299654743) (Secured against movable & immovable properties at Plot No. 231 & 235)	11,20,00,000	11,50,00,000
2. SBI Loan (No.30299645332) (Secured against movable & immovable properties at Plot No. 231 & 235)	1,56,28,570	2,68,28,570
3. SBI Loan (No.30299654743) (Secured against movable & immovable properties at Plot No. 231 & 235)	2,00,00,000	0
Total Rs.	<u>14,76,28,570</u>	<u>14,18,28,570</u>

Particulars	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
SCHEDULE : D		
CASH CREDIT & OTHER FACILITIES		
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)	36,09,191	22,80,192
ICICI Bank Loan A/c (Secured against Toyota Innova Car)	90,000	2,10,000
ICICI Bank Loan A/c (Secured against Toyata Innova 2.5 LE Car)	0	1,71,611
HDFC Bank Loan A/c (Secured against BMW Car)	30,98,099	0
HDFC Bank Loan A/c (Secured against Tata Manza Car)	5,07,238	0
State Bank of India Current A/c	2,55,561	-5,27,198
Total Rs.	<u>75,60,089</u>	<u>21,34,605</u>
 SCHEDULE : E		
TRADE & OTHER DEPOSITS		
1. Interest Free Deposits from Promoters and Relatives	2,07,97,760	50,00,000
2. Security Deposit (Interest Free)	7,66,000	6,66,000
Total Rs.	<u>2,15,63,760</u>	<u>56,66,000</u>
 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.)	20,00,000	50,00,000
Share Application Money PFPL	34,00,000	0
Gandhinagar Hotels USA Limited	6,55,850	6,55,850
Total Rs.	<u>62,63,530</u>	<u>28,63,530</u>

**SCHEDULE - F :
SCHEDULE OF FIXED ASSETS AND DEPRECIATION AS ON 31-03-2010 AS PER WDV METHOD**

RATE OF DEP.	NAME OF ASSETS	GROSS BLOCK AS ON 01-04-09	ADDITION DURING FIRST SIX MONTHS OF F.Y. 09-10	ADDITION DURING LAST SIX MONTHS OF F.Y. 09-10	Work in Progress F.Y. 09-10	GROSS BLOCK AS ON 31-03-10	DEPR. UPTO 31-03-09	DEPR. F. Y. 2009-2010	TOTAL DEPR. UPTO 31-03-10	NET ASSETS AS ON 31-03-10	
1	2	3	4	5	6	7	8	9	10	11	
	HOTEL BUILDING PLOT NO. 235										
10.00	BUILDING	64283087	33459950	16407792	70810511	184961340	21571567	8437537	30009104	154952236	
13.91	CROCKERY-CUTLARY	1061770	31988	1158275	0	2252033	1061770	85008	1146778	1105255	
13.91	PLANT & MACHINERY	24252028	3708369	6300025	1169877	35430299	1103052	2796933	13799985	21630314	
18.10	FURNITURE & FIXTURES	34908432	10502952	6920385	9209009	61540778	16616598	5838151	22454749	39086029	
40.00	VEHICLES	1750185	3343453	761408	0	5855046	1203376	1708386	2911762	2943284	
13.91	DEAD STOCK	239821	0	0	0	239821	207889	4442	212331	27490	
0.00	LAND COST	2058015	0	0	0	2058015	0	0	0	2058015	
	COMMERCIAL BUILDING PLOT NO. 231										
10.00	BUILDING	34382108	44730	29989	51443773	85900600	26753704	768813	27522517	58378083	
13.91	PLANT & MACHINERY	3721349	0	0	0	3721349	1882216	255823	2138039	1583310	
18.10	FURNITURE & FIXTURES	891304	0	0	0	891304	415719	86081	501800	389504	
0.00	LAND	7620000	0	0	0	7620000	0	0	0	7620000	
	AS ON 31-03-2010	175168099	51091442	31577874	132633170	390470585	80715893	19981174	100697967	289773520	
	AS ON 31-03-2009	154038232	44608923	21005536	101945543	321598234	64651551	16064337	80715892	240882342	

Particulars	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
SCHEDULE : H		
CURRENT ASSETS		
(A) Current Assets		
Closing Stock (At Cost FIFO Method)	22,25,301	19,92,548
As per Inventories taken, valued and certified by the Company		
Sundry Debtors (Unsecured considered good) outstanding for	22,04,510	14,83,628
1. More Than six months Rs. 5,26,496/- (Previous Year Rs.5,98,766/-)		
2. Less Than six months Rs.16,78,014/- (Previous Year Rs.8,84,862/-)		
Cash and Bank Balance	1,35,959	1,11,51,840
(B) Loans and Advances		
(Unsecured considered good)		
Advances to be recovered in cash or kind/service or value to be received)		
Trade & other Deposit	13,47,563	11,37,776
Pre Paid Insurance	71,237	32,139
With Revenue Authority Tax (TDS Receivable)	43,681	10,44,279
With Revenue Authority Tax (Alcoholic Liquor)	54,021	47,252
Advance to Hotel Suppliers	20,63,398	27,07,296
Advance for Hotel Renovation	1,00,56,989	1,51,74,527
Advance for Commercial Building	17,50,884	12,22,816
With Revenue Authority Service Tax	4,43,999	3,37,958
Total Loans & Advances	1,58,31,772	2,10,48,193
Total Rs.	2,03,97,542	3,56,76,209
SCHEDULE : I		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors Hotel	34,80,131	13,03,089
Sundry Creditors Hotel Renovation	64,21,871	27,69,505
Sundry Creditors Commercial Building	71,10,886	1,12,06,804
Provisions	88,64,632	15,72,774
Total Rs.	2,58,77,520	1,68,52,172

Particulars	For F. Y. 2009-2010 Rs.	For F. Y. 2008-2009 Rs.
SCHEDULE : 1		
INCOME FROM OPERATION		
Room Service	5,24,896	7,77,218
Conference/Hall Charges	9,30,140	5,99,405
Liquor Sales	1,02,43,603	81,02,170
Restaurant Sales	32,33,608	42,05,289
Telephone Fax Income	15,34,995	-1,64,326
Laundry Income	57,265	1,11,772
Income from Games	35,04,050	9,34,745
Taxi Income	52,89,178	8,31,634
Rent Income	3,79,985	40,56,987
Closing Stock Increase	2,32,753	4,653
Total Rs.	2,59,30,473	1,94,59,547

SCHEDULE : 2
OTHER INCOME

Interest on Deposits	45,793	44,184
Dividend Income	7,760	7,760
Total Rs.	53,553	51,944

SCHEDULE : 3
RESTAURANT EXPENSES

Restaurant Purchase	50,08,641	51,51,955
Staff Food Cost	-92,397	-67,949
Fuel Expenses	7,10,867	8,19,069
Restaurant Expenses	2,68,619	3,39,079
Crockery Cutlary - Linon	5,62,464	1,06,353
Total Rs.	64,58,194	63,48,507

Particulars	For F. Y. 2009-2010 Rs.	For F. Y. 2008-2009 Rs.
SCHEDULE : 4		
HOTEL SERVICE EXPENSES		
Electricity Expenses	23,86,681	14,39,426
House Keeping Expenses	13,12,493	4,23,224
Water & Drainage Charges	7,045	6,145
Liquor Purchase	29,11,181	21,81,678
VAT paid on Liquor	38,64,805	30,78,789
Wine Shop Expenses	20,06,119	12,73,406
Cartage Expenses	1,17,854	25,032
Kitchen Expenses	1,12,355	46,254
Laundry Expenses	2,28,115	3,32,288
Kasar Expenses	72,289	83,797
Gujarat Luxury Tax Fix Charges	3,05,415	3,28,565
Total Rs.	<u>1,33,24,352</u>	<u>92,18,604</u>

SCHEDULE : 5**ADMINISTRATIVE EXPENSES**

Stationary Printing Expenses	5,16,908	1,61,549
Postage Expenses	16,930	18,053
Legal Fee Expenses	1,07,962	31,110
Director Travelling & Other Expenses	32,495	3,000
Miscellaneous Expenses	1,28,704	92,416
Membership Fees	14,125	14,325
Insurance Expenses	1,07,961	94,487
Auditor's Remuneration	30,000	30,000
Listing Fee	70,150	15,000
Consultancy Fees	5,15,096	71,310
Advertisement Expenses	1,80,578	6,721
Professional Tax - Company	2,400	2,400
Conveyance & Travelling	1,15,246	20,562
Stamp Charges	1,310	3,600
Entertainment Expenses	15,414	0
Share Transfer & Demat Charges	29,054	42,486
Total Rs.	<u>18,84,333</u>	<u>6,07,019</u>

Particulars	For F. Y. 2009-2010 Rs.	For F. Y. 2008-2009 Rs.
SCHEDULE : 6		
REPAIRING & MAINTENANCE		
Machinery Repairing & Maintenance	1,60,700	1,58,989
Audio-Video Repairing & Maintenance	1,13,350	88,790
Computer Repairing & Maintenance	85,168	1,10,823
Building Repairing & Maintenance	49,483	36,481
Electric Repairing & Maintenance	62,891	65,890
Furniture Repairing & Maintenance	1,01,085	19,954
Total Rs.	<u>5,72,677</u>	<u>4,80,927</u>
SCHEDULE : 7		
SALARY & WAGES EXPENSES		
Salary Expenses	24,46,933	14,10,814
Convetance Allowance	3,53,247	0
Personal Allowance	7,00,355	0
Bonus Expenses	2,74,293	1,62,513
Directors Remuneration	23,96,200	13,16,800
Security Guard Charges	7,36,805	4,50,982
Staff HRA Expenses	11,59,203	8,18,092
Uniform Expenses	3,67,658	0
Staff PF/FP/ADM/EDLI Company Portion	5,72,277	3,29,255
Staff ESI Company Portion	93,286	43,864
Staff Welfare Expenses	11,185	0
Labour Welfare Fund	939	0
Medical Expenses	41,924	1,275
Medical Expenses - Director	2,569	5,82,641
Total Rs.	<u>91,56,874</u>	<u>51,16,236</u>
SCHEDULE : 8		
FINANCIAL EXPENSES		
Bank Commission	20,192	6,352
Bank Interest Expenses	58,06,413	64,652
Lease Rental Expenses	2,585	3,085
Credit Card & Coupon Service Charges	72,147	49,480
Total Rs.	<u>59,01,338</u>	<u>1,23,569</u>
SCHEDULE : 9		
NON CASH EXPENSES		
Depreciation	1,99,81,174	1,60,64,337
Preliminary Expenses W/o	99,200	99,200
Total Rs.	<u>2,00,80,374</u>	<u>1,61,63,537</u>

NOTES ATTACHED TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF GANDHINAGAR HOTELS LIMITED FOR THE YEAR ENDED ON 31-03-2010.
[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 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 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 recognized 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 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.

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 23,96,200/- (Previous Year : Rs. 13,16,800/-.)
4. Payment To Auditors :

Particulars	F.Y. .2009-10	F.Y. 2008-09
Audit Fees	20,000.00	20,000.00
Tax Audit Fees	5,000.00	5,000.00
Other Fees	5,000.00	5,000.00

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. 0.60 Lacs (Previous Year Rs. 32.01)
8. Traveling Expenses of Managing Directors & Other Directors : Rs. 32495/- (Previous Year Rs.3,000/-)
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.	1,99,81,174
Depreciation As per Income Tax of Current Year	Rs.	2,23,36,099
Timing Difference of Depreciation	Rs.	23,54,925
Deferred Tax Assets at 30.90 %	Rs.	7,27,672
Less Defered Tax Assets - Opening	Rs.	4,04,928
Defered Tax Assets (Net) – Closing	Rs.	3,22,744

14. 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.
15. 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 31-03-2010.

16. RELATED PARTY (AS IDENTIFIED BY THE COMPANY) DISCLOSURES UNDER ACCOUNTING STANDARDS 18:

(I) Associates :

Gandhinagar Leasing & Finance Ltd.
Pragna Finance Pvt. Ltd.
Gujaraj Resorts Ltd.
Pragna Auto Service and
Haveli Inn

(III) Key Management Personnel : (Other than Independent Director)

Major Vinodchandra Punjaram Joshi
Smt. Pragnaben V Joshi
Mr. Pritesh V Joshi
Mr. Viral V Joshi
Mr. Dilipkumar Trivedi

(III) Transaction with related parties

- The Company has given Rs.54,00,000/- as Share Application Money (Previous Year Rs. 20,00,000/-) to the Company in which directors are interested, as director of both the Company.
 - Traveling Expenses of Managing Directors & Other Directors : Rs. 32,495/- (Previous Year Rs. 3,000/-)
 - Managerial remuneration paid to Managing Director & Other Directors : Rs 23,96,200/-(Previous Year : Rs. 13,16,800/-)
 - The company has received Unsecured Interest Free Deposit of Rs. 2,07,97,760/- (Previous Year Rs.50.00 Lacs)from relatives of Directors of the Company.
 - The Company has received Rs. 35,886/- (Previous Year Rs. Rs. 57,03,016/-) as Advance for Booking of Premises from a Company in which Directors are interested, as Directors of both the companies.
 - The company has given Rs. 6,55,850/- (Previous Year Rs. 6,55,850/-) as Investment to Gandhinagar Hotels USA Ltd. - the company in which Directors are interested as Director of both the company.
 - The company has received Rent of Rs. 1,08,000/- (Previous Year Rs. 1,08,000/-) from the company in which Directors are interested, as director of the Companies.
 - The company has paid Lease Rent of Rs. 2,585/- (Previous Year Rs. 3,085/-) to the company in which Directors are interested , as director of both the Company.
 - 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 Directors of both the companies.
 - The company has paid Rs. 90,000/- (Previous Year Rs. 90,000/-) as Lease Rental Deposit to Gandhinagar Leasing and Finance Ltd. – a company in which Directors are interested as Directors of both the company.
- 17 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*	Year Ended 31 st March,2010	Year Ended 31 st March,2009
Profit attributable to the Equity Shareholder (Before prior expenses) (Amount in Rupees)	52,09,375	22,64,819
Closing number of Equity Shares outstanding during the year.	67,75,000	67,75,000
Basic/Weighted averages number of Equity Shares outstanding during the year.	67,75,000	62,12,397
Nominal value of Equity Share (Rs.)	Rs.10/-	Rs.10/-
Basic Earning per Share (Rs.) on Year End Shares	0.77	0.33
Diluted Earning Per Share based on Date of Issue of Shares	0.77	0.36

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 Account form an integral part of the Audit Report.

As per Report of even date attached herewith
For **Manoj Lekinwala & Co.,**
Charetered Accountants

Manoj H. Lekinwal
Proprietor

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

Major Vinodchandra P. Joshi (Retd.)
Chairman & Managing Director

Place : Gandhinagar
Date : 16-07-2010

Directors

Mrs. Pragnaben V Joshi Mr. Popatbhai V. Patel Mr. Dinesh M Mundra
Mr. Pritesh V Joshi Mr. Viral V. Joshi Wg. Cdr Manik Anchalia
Mr. Prakash G. Ramrakhiani Mr. Dilipkumar K. Trivedi Mr. Yogeshchandra Joshi

**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	31-03-2010

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	290755	Total Assets	290755
Source of Funds		Application of Funds	
Paid up Capital	72050	Net Fix Assets	289774
Reserves & Surplus	41630	Investments	6263
Secured Loans	147629	Net Current Assets	-5480
Unsecured Loans	29124	Miscellaneous Expenditure	198
Contingent Liabilities	000	Accumulated Losses	000
Deferred Tax Liability	322		

IV Perfomance of Company : (Amount in Thousands)

Total Income	65046
Total Expenditure	57378
Profit (+) / Loss (-) before Tax	7668
Profit (+) / Loss (-) after Tax	5209
Earning per Share in Rupees	0.77

V Generic Names of Three Principal Services of Company :

(As per monetary terms)

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

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 date attached herewith
For **Manoj Lekinwala & Co.,**
Charetered Accountants

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

Manoj H. Lekinwal
Proprietor

Major Vinodchandra P. Joshi (Retd.)
Chairman & Managing Director

Place : Gandhinagar
Date : 16-07-2010

Directors

Mrs. Pragnaben V Joshi	Mr. Popatbhai V. Patel	Mr. Dinesh M Mundra
Mr. Pritesh V Joshi	Mr. Viral V. Joshi	Wg. Cdr Manik Anchalia
Mr. Prakash G. Ramrakhiani	Mr. Dilipkumar K. Trivedi	Mr. Yogeshchandra Joshi

	(Amount Rs.)	
Cash Flow Statement for the year ended on	31-03-2010	31-03-2009
(A) CASH FLOW FROM OPERATIONS		
Net Profit/Loss before Tax	76,67,529	28,53,192
Other Income	-53,553	-51,944
Non Cash Expenses	2,00,80,374	1,61,63,537
Loss on Sale of Investments	0	0
Provision for Diminution of Investments	0	0
Previous Years Sales Tax & Income Tax	-2,30,629	-9,102
Operating Cash Profit	2,74,63,721	1,89,55,683
Decrease (Increase) in Sundry Debtors	-7,20,882	31,79,305
Decrease (Increase) in Inventories	-2,32,753	-4,653
Decrease (Increase) in Loans and Advances	52,16,422	-81,28,118
Decrease (Increase) in Sundry Creditors	17,33,490	-1,78,77,868
Decrease (Increase) in Provisions	6,19,674	-11,14,434
Decrease (Increase) in Share Application Money	0	-25,50,000
Net Cash used in Operations : A	3,40,79,673	-75,40,085
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-6,88,72,351	-11,28,82,021
Purchase of Investments	-34,00,000	30,00,000
Dividend and Interest Income	53,553	51,944
Net Cash used in Investing Activities : B	-7,22,18,798	-10,98,30,077
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Cash received from Issuance of Share Capital	0	85,00,000
Cash received from Premium on Share Capital	0	1,53,00,000
Increase (Decrease) in Unsecured Loan	1,58,97,760	15,83,110
Increase (Decrease) in Secured Loan	1,12,25,484	6,95,89,272
Dividend Paid	0	0
Preliminary & Prior Period Expenses (Net)	0	0
Net Cash from Financing Activities : C	2,71,23,244	9,49,72,382
Net Increase in Cash and Cash Equivalents	-1,10,15,881	-2,23,97,780
Cash & Cash Equivalents at the beginning of the year	1,11,51,840	3,35,49,620
Cash & Cash Equivalents at the end of the year	1,35,959	1,11,51,840

As per Report of even date attached herewith
For **Manoj Lekinwala & Co.,**
Chartered Accountants

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

Manoj H. Lekinwal
Proprietor

Major Vinodchandra P. Joshi (Retd.)
Chairman & Managing Director

Place : Gandhinagar
Date : 16-07-2010

Directors

Mrs. Pragnaben V Joshi Mr. Popatbhai V. Patel Mr. Dinesh M Mundra
Mr. Pritesh V Joshi Mr. Viral V. Joshi Wg. Cdr Manik Anchalia
Mr. Prakash G. Ramrakhiani Mr. Dilipkumar K. Trivedi Mr. Yogeshchandra Joshi

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, 2010 and 31st March, 2009 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 **MANOJ LEKINWALA & CO.**
Chartered Accountants

Place : Gandhinagar
Date : 16-07-2010

CA Manoj H. Lekinwala
Proprietor

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 30th Annual General Meeting of the Company at Fortune Inn Haveli, Plot No. 235, Sector 11, Gandhinagar - 382011 on Monday, 30th August, 2010 at 4.00 P. M.

Signature of the attending Member/Proxy	
--	--

- 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.

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 30th Annual General Meeting of the Company, to be held on Monday, 30th August, 2010 at 4.00 P. M. and at any adjournment thereof.

Dated this _____ day of _____ 2010.

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, "Hotel Haveli",

CH - Road, Gandhinagar - 382 011