

21st Annual Report
2011-2012



ROYALE MANOR
Hotels and Industries Limited

**BOARD OF DIRECTORS****MR. U. CHAMPAWAT***Chairman and Managing Director***DR. PRAVEENKUMAR R. PATEL***Director***DR. RAM PRAKASH KOTHARI***Director***MR. VISHWAJEETSINGH CHAMPAWAT***Director***MR. JAYESH DAVE***Director***MR. VISHWANATH PRASAD SINGH***Director***STATUTORY AUDITORS****M/s. NAIMISH N. SHAH & CO.**

Chartered Accountants

Ahmedabad

**REGISTRARS AND
SHARE TRANSFER AGENTS**

M/s. Sharepro Services (India) Pvt. Ltd.

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ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the members of Royale Manor Hotels and Industries Limited will be held on Saturday, the 29th day of September, 2012 at 3.00 P.M. at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare Dividend on Optionally Convertible Preference Shares (OCPS).
3. To appoint Director in place of Mr. Vishwanath Prasad Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditor and fix their remuneration.

By Order of the Board of Directors

Place : Ahmedabad
Date : 24th August, 2012

U. Champawat
*Chairman and
Managing Director*

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be lodged at the registered office of the Company not later than 48 hours before the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of September, 2012 to Saturday, the 29th day of September, 2012 (both days inclusive).
3. The Company has appointed M/s. Sharepro Services (India) Pvt. Ltd., as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, Demat request, change of address

intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and name of the Company as Royale Manor Hotels and Industries Ltd.

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Members are requested to bring their copies of the Annual Report to the Meeting.
6. Royale Manor Hotels and Industries Limited is concerned about the environment and utilize natural resources in sustainable way. Recently, the Ministry of corporate Affairs (MCA), Government of India, through its circular nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011, respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular pertaining to Green Initiatives, issued by the MCA, we henceforth propose to send documents like the notice convening the general meetings, financial statements, Directors' Report, Auditors' Report etc. to the email address provided by you with your depositories.

We request you to update, your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

7. Members holding shares in physical form are requested to notify to the company's Registrar and share Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd. quoting their folio, any change in their registered address with pin code and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participant.
8. Corporate Members intending to send their authorized representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified copy of the board Resolution authorizing their representatives to attend and vote at the Meeting.
9. In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.



ANNEXURE TO THE NOTICE

Notes on director seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges:

PROFILE OF DIRECTOR BEING APPOINTED / RE-APPOINTED

Item No. 3

Name	:	Mr. Vishwanath Prasad Singh
Date of birth	:	25 th January, 1944
Qualification	:	Master of Commerce, Bachelor of Laws and Certified Associate of Indian Institute of Banking.
Expertise	:	Investment & Corporate Banking, Project Finance, Financial restructuring and capital market activities.
Director of the Company since	:	11/05/2011
Directorship in other public limited companies	:	1
Membership of Committees of other public limited companies	:	Nil
No. of Shares held in the Company	:	Nil

By Order of the Board of Directors

Place : Ahmedabad
Date : 24th August, 2012

U. Champawat
Chairman and Managing Director

DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their 21st Annual Report on the business and operations of the Company together with its Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2012 are as under:

Particulars	2011-2012	2010-2011
	(` in Lacs)	
Total Income	1945.49	1901.47
Profit/(Loss) before Financial Charges, Depreciation and Income Tax	545.06	475.71
Less : Financial Charges	143.18	139.70
Less : Depreciation	123.23	116.11
Profit before Income Tax and Exceptional Item	278.65	219.90
Add/(Less) : Exceptional Item	(162.11)	—
Profit Before Income Tax	116.54	219.90
Provision for Income Tax	(39.26)	(48.17)
Deferred Tax Assets	(4.41)	(2.18)
Profit For the Year after Income Tax	72.87	169.55
Profit Available for Appropriation	72.87	169.55
Appropriation		
Reserve for Replacement of FF&E (Net)	(22.58)	13.99
Proposed dividend	(19.50)	(25.32)
Tax on dividend	(3.16)	(4.21)
Balance of Profit/(Loss) brought forward	682.55	640.50
Transfer to Capital Redemption Reserve	(112.27)	(111.96)
Bal. carried to Balance Sheet	597.91	682.55

Your directors are pleased to recommend 6% dividend on Optionally Convertible Preference Shares (OCPS) for the year ended 31st March, 2012, aggregating ` 19.50 Lacs.

However, in view of future expansion, your directors express their inability to recommend a dividend on Equity Shares of the Company for the year under review.

OPERATIONS

During the year under review, due to ongoing trend of economic slowdown, in the first half of the year there was a downward trend in the demand. However, towards the second half of the financial year 2011-12 the demand picked up. Also, in the Ahmedabad city, Hotel business became more competitive due to commissioning of new Hotels. In comparison to previous year, the Average Occupancy of the hotel for 2011-12 has declined to 64.3% from 67.4%. Also, the Average Room Rates has declined to ` 5486 during the year under review from ` 5756 in the previous year 2010-11.

However, during the financial year 2011-12, despite lower occupancy and ARR, company had been in a position to achieve a turnover of ` 1945.49 Lacs, in comparison to ` 1901.47 Lacs, in the previous year 2010-11. The profit before tax and profit after tax for the year under review were ` 116.54 Lacs and ` 72.87 Lacs respectively. Your directors are hopeful that with recovery in the economy, there would be a marked improvement in the performance of the company.

The hotel unit of the Company "THE GATEWAY HOTEL UMMED" Ahmedabad is an ISO 22000:2005 certified hotel with the highest levels of Hygiene and Food Safety criteria. Your company's hotel is managed by The Indian Hotels Company Limited (Taj Group) for over Twelve years. Further, The established "THE GATEWAY HOTEL BRAND", superior ambience, interior decorations, services and loyal clientele retained its' market leadership in the city of Ahmedabad and has placed the hotel ahead of its Competitors.

SUSTAINABILITY INITIATIVES

Sustainability is a commitment for us to align our strategy in all aspects of our business with our stakeholders in various dimensions such as economic, social and environment.

CORPORATE SOCIAL RESPONSIBILITY

In today's world Corporate Social Responsibility is a very important and dominant concept for external environment. Every year 5th June is observed as the World Environment Day around the world and is of immense importance for the Taj Group. In the year 2011-12, "THE GATEWAY HOTEL UMMED" has obtained Earth Check Silver certification from Earth Check standard measures body. We provide healthy



and hygienic food to our valuable customers. Customer satisfaction is our motive. This is a commitment to safeguard the health and safety of our employees and neighbors, to support the local economy and to treat our staff fairly. It is about creating wealth for all our stakeholders, embracing diversity, minimizing resource consumption and reducing our greenhouse gas emissions. However, we recognise that we will have to be innovative and draw on our key strength - our motivated staff - in order to deliver the lasting positive outcomes that are at the core of our commitment to sustainability.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the financial year 2011-12 from public.

DIRECTORS

In accordance with provisions of Section 256 of Companies Act, 1956 and Articles of Association of the company, Mr. Vishwanath Prasad Singh, the director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors, hereby confirms that:

- (i) in the preparation of annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures.
- (ii) the directors have selected the 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 of the Company at the end of the current financial year and of the profit of the Company for the year under review.
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the directors had prepared the annual accounts for the financial year ended 31st March, 2012 on a "going concern" basis.

AUDITORS

M/s Naimish N. Shah & Co., Chartered Accountants, Ahmedabad, the statutory Auditors of the company

retire on the conclusions of the ensuing 21st Annual General Meeting of the company and being eligible offer themselves for re-appointment. You are requested to consider their re-appointment.

Significant Accounting policies & Notes Forming part of Accounts are self-explanatory. Thus, no comment is required from the Board of Directors of the Company.

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

The particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in report of the Board of Directors) Rules, 1988 is annexed as per Annexure - "A" which forms part of this Report.

CORPORATE GOVERNANCE

The Company has been proactive in the following principles and practices of good corporate governance. A report in line with the requirements of Clause 49 of the listing agreement on Management Discussion and Analysis and the Corporate Governance practices followed by the Company and the Auditors Certificate on Compliance of mandatory requirements are given as an Annexure "B & C" respectively to this report.

STATEMENT OF EMPLOYEES' PARTICULARS

None of the employees of the Company drew remuneration of ` 60,00,000/- or more per annum/ ` 5,00,000/- or more per month during the year. Hence, no information is required to be furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the whole-hearted support and cooperation received from valued customers, Financial Institutions, Banks, Taj Group, Government Departments, shareholders, employees and public for their continuous support and patronage extended and confidence reposed in the management of the Company.

By Order of the Board of Directors

Place : Ahmedabad
Date : 24th August, 2012

U. Champawat
*Chairman &
Managing Director*

ANNEXURE “A”

ANNEXURE TO THE DIRECTORS’ REPORT

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in Report of the Board of Directors) Rule, 1988 forming part of Directors’ Report for the year 2011-2012.

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

Particulars	Unit	2011-12	2010-11
(I) POWER AND FUEL CONSUMPTION			
1. Electricity			
(a) Purchased	Kwh	1,934,307	2,257,037
Total Amount	~	12,074,996	13,158,525
Rate/Unit	~/Kwh	6.24	5.83
(b) Own Generation (Units)		5285	6247
2. Coal			
Quantity	Kg.	20764	17852
Total Cost	~	353,000	241,194
Rate	~/Kg.	17.00	13.51
3. High Speed Diesel/LDO			
Quantity	Litres	86949	107511
Total Cost	~	3,790,694	4,214,725
Average Rate	~/Litres	43.60	39.20
4. Other Internal Generations		NIL	NIL
(II) Consumption per unit of production:		NIL	NIL

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

The company has adopted world class technology available for the hotel industry. The equipments are partly imported. This has improved the quality of services and customers satisfaction.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars	2011-12	2010-11
Earnings in Foreign Currencies (`)	51,813,767	65,790,671
Expenditure in Foreign Currencies (`)		
- Payment to Travel Agents	111,360	---
- Travelling Expenses	---	---
- Advance payment for Capital Goods	572,340	---
- Value of Imports calculated on CIF basis of Capital Goods	---	---
- Other expenditure (CSR)	100,018	62,104



ANNEXURE “B” TO DIRECTORS’ REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

Hospitality Industry is closely linked with tourism industries. The Indian Hospitality Sector is witnessing one of its rare sustained growth trends, placing India as the second-fastest growing tourism market in the world. The Indian Tourism Industry has outperformed the global tourism industry in terms of growth in the volume of international tourists as well as in terms of revenue. The hospitality industry's performance is directly related to economic growth and investor confidence. Unfortunately, the economies on which we depend are shrouded in uncertainty. Hotel and hospitality industries are among the biggest employment generators in the country.

SECTOR OUTLOOK

Globally weak macroeconomic scenario, the European sovereign debt crisis, geo-political turmoil in the Arab countries, high interest rates, inflation and a muted domestic corporate performance during the current fiscal have sapped the hospitality industry's ability to sustain inflation adjusted Average Room Realizations (ARRs). In the near and medium term the Indian hospitality industry is likely to be affected due to lower arrivals from Europe and the United States. Absence of significant economic reforms, inflation and the continued depreciation of the rupee has affected investment. With uncertainty continuing to cloud the near term, wavering business/consumer confidence and a sluggish economy, there is no significant trigger for the industry during the next year.

The global slowdown and the travel advisories issued at the end of the year were some accountable factors but still not strong enough to hinder the growth of the Indian tourism industry. The World Tourism Organisation has forecast that Tourist arrivals are expected to grow by 3% to 4% in the emerging economies. While the start of the next season (in Q3, 2012-13) may bring some relief to the industry in some specific markets. In the current inflationary environment, we expect ARR growth during the fiscal 2012-13 to be limited to around 5-8%. We expect real traction to return to the industry only by 2013-14; overall, we expect this to be a slow and long slog to recovery.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The hotel industry began in the financial year 2011-12 on a weak note, the global economic downturn impacted the Indian tourism and hospitality industry which saw a decline in the foreign tourist arrivals to India. Although, the Indian economy is recovering from the impact of the global financial crisis but factors like inflation, European sovereign debt crisis have slowed the growth further of the hotel industry.

To encourage the tourism sector, the government in recent times, has taken some measures which will benefit the

sector. The ministry promoted India as a safe tourist destination and undertook various measures, such as stepping up vigilance in key cities and at historically important tourist sites.

The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US\$ 3.00 billion from April 2000 to March 2012, according to the Department of Industrial Policy and Promotion (DIPP). But, there has been a rush of international hotel chains towards India since the latter half of 2011. A lot of major hotels have announced their plans to expand their footprints in India. Thus, domestic hospitality sector is expected to see foreign investments with new international brands making their presence in the country in the next few years. This will place India at the third position in the world. India's travel and tourism sector is expected to be the second largest employer in the world. There is an urgent need for budget and mid market hotels in the country as travellers look for safe and affordable accommodation. Various domestic and international brands have made significant inroads into this space and more are expected to follow as the potential for this segment of hotels becomes more obvious. In the long term, the demand-supply gap in India is very real and that there is need for more hotels in most cities.

Hence, considering the demand supply mismatch, the new room additions will not create an overhang. Thus, we believe that the existing players would benefit from the continued demand-supply mismatch once the economy revives. While the long term fundamentals remain strong, the sector is highly dependent on external factors which could possibly mar its performance.

SWOT analysis

Strengths

- The promoters have an established track record, having created a niche for itself in hospitality industry with good brand image for last 16 years.
- A loyal clientele base of corporate and NGOs built-up over the years, providing a ready customer base.
- Strategic location of the hotel in the immediate vicinity of Airport with well-developed infrastructure gives it an added advantage over other competitors.
- “THE GATEWAY HOTEL” brand managed by “TAJ Group” has national and international recognition and is a force in the hospitality industry.
- Your Company continuously renovates its properties to meet the increasing competition in the market and insured its property against natural and man made disasters.

Weakness

- Hospitality Industry suffers from event risks such as terrorist attack, government stability etc. the

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

- company is operating in area, which is prone to these risks.
- Hotel business in general is sensitive to fluctuation in the economy. Since, demand for hotels is affected by economic growth, a global recession might lead to downturn in the hotel industry.
 - Since tourism is global phenomenon, any adverse developments on the geo-political front are likely to impact global tourist flow and India is not an exception to same. The future of the hospitality industry is very sensitive to the global security environment.
 - Increase in rate of service tax from 10 percent to 12 percent has given the intense competition in the Industry and the players of the hotel industries have limited ability to pass on the increased rate of service tax by way of Higher Room Rate.

Opportunities

- The improving demographics, rising affluence and the current under penetration throw up significant growth opportunities for the hospitality sector. This is further reinforced by the India-centric growth strategy with several global hotel majors.
- Ahmedabad is emerging as a global city with a confluence of various culture and values and also being a leading industrial cities of India, the Company will be able to exploit the business travel potential offered by the city.
- The Government of Gujarat has declared and initiated many automobile projects resulting into increase in foreign corporate visitors.
- Industry experts said if the dollar remains at the current level or appreciates for the next couple of quarters, it would make India as a destination cheaper for foreign tourists. This could also give hoteliers an opportunity to hike room rates in the September-February business season.
- The Hotel is well established and the promoters with their experience have passed through such phases without many adversities.
- New Hotel Project is under consideration.

Threats

- Economic slowdown and offer of lower cost services by new five star hotels shall lead stiff competition in the hotel industry.
- The hotel sector remains vulnerable to extraneous events such as natural disasters and terrorist acts. The hotel sector may be unfavourably affected by changes in local market conditions, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors travel advisories from foreign countries etc.,

- The high incidence of multifarious taxes both at the centre and the states also affect the competitiveness of the industry. The additional tax burden is likely to make India a destination less competitive than a few neighboring tourist destinations in Asia pacific region and this could have an adverse impact on the revenues of the hotel industry.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company for the year 2011-12 is described in the Directors Report under the head of 'Operation'.

SEGMENTWISE PERFORMANCE

The Company has only one segment i.e. Hotel Industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has set up internal control procedures commensurate with its size and nature of the business.

These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies guidelines, authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS

During the year, the Company maintained harmonious and cordial industrial relations. No operating days were lost due to strike, lock out etc. Human Resources Development, in all its aspects like training, safety and social values is under constant focus of the management. The management and the Employees are dedicated to achieve the corporate objective and the targets set before the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, predictions and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. As "forward-looking statements" are based on certain assumptions and expectations of future events over which the Company exercises no control. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, domestic and international economic conditions affecting demand, supply and price conditions in the hospitality industry, changes in the Government regulations, tax regimes and other status.



REPORT ON CORPORATE GOVERNANCE - Annexure "C" to the Directors' Report
(Pursuant to Clause 49 of the Listing Agreement)

A. Mandatory Requirements

1. Company's philosophy on code of Corporate Governance

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

The Royale Manor Hotels and Industries Limited is committed to good Corporate Governance in order to all stakeholders – Customers, suppliers, lenders, employees, the shareholders. The detailed report on implementation by the company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below :

2. BOARD OF DIRECTORS :

2.1 Composition of the Board

The Board of Directors as at 31st March, 2012 comprises of Six directors including of an Executive (Chairman and Managing Director) and Five Non-Executive Directors. Mr. U. Champawat is the Chairman & Managing Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields:

Sr No.	Name of Director	Category of Director
1.	Mr. U. Champawat	Director - Executive (Promoter)
2.	Dr. Praveenkumar R. Patel	Non-Executive Director (Independent)
3.	Mr. Jayesh Dave	Non-Executive Director (Independent)
4.	Dr. Ram Prakash Kothari	Non-Executive Director (Independent)
5.	Mr. Vishwajeetsingh Champawat	Non-Executive Director (Promoter)
6.	Mr. Vishwanath Prasad Singh	Non-Executive Director (Independent)

2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the Board Room of "The Gateway Hotel, Umed, Ahmedabad", a unit of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons and advisors are often invited to attend the Board Meetings and provide clarifications as and when required.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

During the year under review, the Board met 6 (Six) times on the following dates:

	11/05/2011	03/08/2011	26/08/2011	14/11/2011	13/02/2012	17/03/2012		
Sr.No.	Name of Director					No. of Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 30.09.2011
1.	Mr. U. Champawat					6	5	Yes
2.	Dr. Praveenkumar R. Patel					6	6	Yes
3.	Mr. Vishwanath Prasad Singh					6	1	No
4.	Mr. Jayesh Dave					6	6	Yes
5.	Dr. Ram Prakash Kothari					6	6	No
6.	Mr. Vishwajeetsingh Champawat					6	2	No

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956, two third of the Directors of a Company should be retiring Directors, of which one third of such Directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Vishwanath Prasad Singh, retire by rotation at the ensuing Annual General Meeting and offers himself for re-appointment.

2.5 Details of Directors who are associated as Chairman and Directors in other Public Companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31st March, 2012 and the same is reproduced herein below :

Sr.No.	Name of Director	No. of Directorship in other public Companies	No. of Committee positions held as Chairman on other public Companies	No. of Committee positions held as member in other Public Company
1.	Mr. U. Champawat	—	—	—
2.	Dr. Praveenkumar R. Patel	—	—	—
3.	Mr. Jayesh Dave	—	—	—
4.	Dr. Ram Prakash Kothari	—	—	—
5.	Mr. Vishwajeetsingh Champawat	—	—	—
6.	Mr. Vishwanath Prasad Singh	1	—	—

3. COMMITTEES OF BOARD :

The Company had three Board Committees. These are:-

1. Audit Committee
2. Remuneration Committee
3. Share Transfer & Shareholders/Investor Grievance Committee

All the decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. Details of the role and composition of these Committees are provided below:



3.1 **Audit Committee :**

The Audit Committee of the company is constituted in line with the provision of clause 49 of the listing Agreements with the stock Exchanges read with Section 292A of the Companies Act, 1956, comprises of three members viz. Mr. Jayesh Dave, Dr. Ramprakash Kothari and Mr. U. Champawat, who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting. Mr. Jayesh Dave, a Qualified Chartered Accountant and Company Secretary, is the Chairman of the committee.

The Audit Committee of the Board of Directors, Inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

TERMS OF REFERENCE:

The scope of activities of the Audit Committee includes the following:

- A. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B. Recommending the appointment and removal of statutory auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing, with the management, the annual financial statements before submission to the Board for approval, focusing primarily on:
 - Any changes in accounting policies and practices and reasons for the same.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- D. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- E. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- F. Reviewing, with the management, statutory and internal auditors, and the adequacy of internal control systems.
- G. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department. Reporting structure, coverage and frequency of internal audit.
- H. Discussion with internal auditors any significant findings and follow up there on.
- I. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

- J. Discussions with statutory auditors before the audit commences, about the nature and scope of audit, as well as post audit discussions to ascertain any area of concern.
- K. Reviewing the company's financial and risk management policies.
- L. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividend) and creditors.
- M. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- N. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- O. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following Board Meeting for records. The Board of Directors, regularly appraised on the recommendations of the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III) (E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management.
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses; and
- The Appointment, removal and terms of remuneration of the internal auditors.

The Audit Committee has the following powers:

1. to investigate any activity within its terms of reference.
2. to seek any information from any employee.
3. to obtain outside legal and professional advice.
4. to secure attendance of outsiders with relevant expertise, if it considers it necessary.

The Audit Committee invites such of the executives as it considers appropriate (Particularly the head of the finance function), representatives of the statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The previous Annual General Meeting of the Company was held on September 30, 2011 and was attended by Mr. Jayesh Dave, Chairman of the Audit Committee.

During the year under review, the 5 Audit Committee was held during Financial Year 2011-12. The dates on which the said meetings were held as follows:

11/05/2011	03/08/2011	26/08/2011	14/11/2011	13/02/2012
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The necessary quorum was present at the meetings.



3.2 Remuneration Committee :

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director:

Name	Remuneration (₹)
Mr. U Champawat <i>Chairman & Managing Director</i>	772,790
Total	772,790

1. Service Contract, Notice Period and Severance Fees :
The employment of Shri U Champawat is contractual.
2. Stock Option details, if any : NIL

Non-Executive Director :

Remuneration by way of sitting fees for attending Board/Board Committee Meetings are paid only to Non-Executive Directors.

Sr. No.	Director	Sitting fees (₹)
1.	Dr. Praveenkumar R. Patel	3000
2.	Mr. Vishwanath Prasad Singh	500
3.	Mr. Jayesh Dave	3000
4.	Dr. Ram Prakash Kothari	3000
5.	Mr. Vishwajeetsingh Champawat	1000

Remuneration policy:

Payment of remuneration to the Managing/Whole Time Director is governed by the respective Agreements executed between them and the company. These agreements were approved by the Board and the Shareholders. Their Remuneration structure comprises salary, perquisites and allowances.

3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under :

Sr. No.	Name	Position	Category
1.	Mr. U. Champawat	Chairman	Director-Executive(Promoter)
2	Dr. Praveenkumar R Patel	Member	Non- Executive Director
3	Dr. Ram Prakash Kothari	Member	Non -Executive Director

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redresses of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2012 is given below):-

Complaints Status : 01.04.2011 to 31.03.2012

·	Number of complaints received so far	:	13
·	Number of complaints solved	:	13
·	Number of pending complaints	:	NIL

Compliance Officer :

Ms. Puja Kaushik, Company Secretary of the Company, is Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India (SEBI), Listing Agreement with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

4. GENERAL BODY MEETINGS :

The location and time, where last three years Annual General Meetings are held as follows :

Year	Venue	Date	Time
2008-2009	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	30 TH September, 2009	3.00 P.M. (IST)
2009-2010	Naroda Muthiya Community Hall, B/h. Galaxy Cinema, Naroda, Ahmedabad – 382 330	30 th September, 2010	10.30 A.M. (IST)
2010-2011	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	30 th September, 2011	3.00 P.M. (IST)

5. DISCLOSURES :

There were no significant or material related party transactions that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have been provided in Note 2.4 of Schedule 27 of Notes to Accounts.

No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

A certificate, in accordance with the requirements of Clause 49 V of the Listing Agreement, duly signed by the Chairman and Managing Director in respect of the year under review was placed before the Board and taken on record by it.

6. MEANS OF COMMUNICATION :

The Quarterly Unaudited Financial Results are published in Local English and Vernacular language newspapers and also disclosed on website www.rmhil.com. The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient. The Management Discussions and Analysis Report forms part of the Directors Report and is given separately.

7. GENERAL SHAREHOLDERS' INFORMATION :

7.1 Annual General Meeting :

Day, date and time : Saturday, the 29th September, 2012 at 3.00 P. M.
Venue : Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009

7.2 Financial Year Calendar (2012-13) (Tentative) :

First Quarter Results : Second week of August, 2012
Second Quarter Results : Second week of November, 2012
Third Quarter Results : Second week of February, 2013
Fourth Quarter Results : Second week of May, 2013

7.3 Book Closure Date : Saturday, the 22nd September, 2012 to Saturday, the 29th September, 2012 (both days inclusive).

7.4 Dividend : Dividend on Optionally Convertible Preference Shares (OCPS) is proposed and to be paid from 23rd October, 2012. No dividend is proposed on Equity Shares.

7.5 Listing of Equity Shares on Stock Exchanges are:

The names and addresses of the Stock Exchanges at which the equity shares of the Company (except 8,00,000 Shares on account of conversion of preferential Warrant) are listed and the respective stock codes are as under :

Sr No.	Name of Stock Exchanges	Stock Codes
1.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	BSE - 526640
2.	Madras Stock Exchange Limited "Exchange Building", No. 11, Second line beach, Chennai - 600 001.	MSE - N. A.
3.	The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata - 700 001.	CSE - 28151



7.6. **Market Price Data :**

High and low during each month in the (2011-12) financial year on the Stock Exchanges:

Month	High (₹)	Low (₹)
April - 2011	14.84	12.25
May – 2011	15.00	11.29
June – 2011	12.80	11.20
July – 2011	13.60	11.50
August – 2011	13.82	12.00
September -2011	13.80	11.10
October -2011	12.60	11.31
November – 2011	12.39	9.60
December – 2011	12.24	9.15
January – 2012	14.24	9.53
February – 2012	15.68	11.10
March – 2012	13.50	9.45

7.7 **Registrar and Transfer Agent and Address for Correspondence:**

- a) Registrar and Transfer Agent of the Company:
M/s. Sharepro Services (India) Pvt. Ltd
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Ellisbridge,
Ahmedabad - 380006
Tel. No. : (079) 26582381-84
Fax No. : (079) 26582385
Email : sharepro.ahmedabad@shareproservices.com
- b) Registered Office of the Company :
M/s. Royale Manor Hotels and Industries Limited
International Airport Circle,
Ahmedabad – 382 475.
Tel. No. : (079) 22868642-43
Fax No. : (079) 22868641
Email : royalemanorhotels@rediffmail.com
Website : www.rmhil.com
- c) Dedicated e-mail for investor Grievance:
For the convenience of our investor, the company has designated an exclusive e-mail id
i.e., royalemanorhotels@gmail.com.
All investors are requested to avail this facility.

7.8 **Share Transfer System :**

The Registrar and Share Transfer Agent deal with Share transfer both in physical and Demat mode. The Dematerialized shares are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee of Directors of the Company. Transfer of physical shares is made within the time stipulated by the Stock Exchanges and in terms of Clause 47 of the Listing Agreement.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

7.9 Distribution of Shareholding (as on 31st March, 2012) :

Category	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1- 500	14736	87.69	2350209	13.88
501-1000	995	5.92	860067	5.08
1001- 2000	496	2.95	798221	4.72
2001- 3000	170	1.01	434168	2.56
3001- 4000	99	0.59	353490	2.09
4001- 5000	78	0.47	368486	2.17
5001- 10000	116	0.69	845574	5.00
10001 and above	114	0.68	10921985	64.50
TOTAL	16804	100.00	16932200	100.00

7.10 Shareholding Pattern as on March 31, 2012:

Sr.No.	Category	No. of Shares held	Percentage (%) of shareholding
1.	Promoters Directors & their Relatives	7708790	45.53
2.	NRI/OCBs	795596	4.70
3.	Banks/Financial Institutions/Mutual Funds	100	0.00
4.	Private Corporate Bodies	1335303	7.89
5.	Others	7092411	41.88
	Total	16932200	100.00

7.11 Dematerialisation of Shares and Liquidity :

The particulars of shares in physical and demat mode, held by the share holders as on 31st March, 2012:

Particulars	No of Shares	% shareholding
Physical	6509351	38.44
Demat		
NSDL	8072556	47.68
CDSL	2350293	13.88
Total	16932200	100.00

7.12 Outstanding GDRs / ADRs /Warrants or any Convertible instruments, conversion date and likely impact on equity

- a. The pending conversion of 45,00,000 warrants issued to Selected Non-promoter investors, in terms of Special Resolution passed at the EGM held on 29th April, 2006, the details are as under:

Sr. No.	Name of Investors	No. of Warrants allotted
1	M/s. Standard Unitrade Private Limited	22,50,000
2	M/s. Jodhpur Agriculture Private Limited	22,50,000

- b. The pending conversion of 8,00,000 warrants issued to Promoters and Associates, in terms of Special Resolution passed at the Annual General Meeting held on 28th September, 2006, the details are as under:

Sr. No.	Name of Investors	No. of Warrants allotted
1	M/s. Royale Infrastructure & Projects Pvt. Ltd.	5,50,000
2	Mr. Vishwajeetsingh Champawat	2,50,000

- c. The pending conversion of 8,00,000 warrants issued to Promoters and Associates, in terms of Special Resolution passed at the Annual General Meeting held on 28th September, 2007, the details are as under:

Sr. No.	Name of Investor	No. of Warrants allotted
1	M/s. Royale Infrastructure & Projects Pvt. Ltd.	8,00,000

7.13 Hotel Location :

The Gateway Hotel Umed, Ahmedabad
International Airport Circle, Ahmedabad-382 475. Gujarat (INDIA)



DECLARATION

I, U. Champawat, Chairman and Managing Director of M/s. Royale Manor Hotels and Industries Limited, hereby declare that all the members of the Board of Directors and the Senior Management have affirmed compliance with the Code of Conduct, for the year ended March 31, 2012.

For, **Royale Manor Hotels & Industries Limited**

Place : Ahmedabad
Date : August 24, 2012

U Champawat
Chairman and Managing Director

CERTIFICATE

To,
The Members of
Royale Manor Hotels & Industries Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Royale Manor Hotels and Industries Limited, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents mentioned by the Company and furnished to us, for the review.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS
(F.R. No. 106829W)

Place : Ahmedabad
Date : August 24, 2012

CA. Pranav N. Shah
Proprietor
Membership No. 033747

AUDITOR'S REPORT

**TO,
THE MEMBERS OF
ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

- (1) We have audited the attached Balance sheet of **Royale Manor Hotels and Industries Limited** as at 31st March 2012 and the Statement of Profit & Loss and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
 - iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v) On the basis of the written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is prima facie disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012;
 - ii) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

**FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS
(F.R. No. : 106829W)**

Place : Ahmedabad
Date : August 24, 2012

CA. Pranav N. Shah
Proprietor
Membership No. 033747



ANNEXURE TO THE AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH-3 OF OUR REPORT ON THE ACCOUNTS OF ROYALE MANOR HOTELS AND INDUSTRIES LIMITED FOR THE YEAR ENDED ON 31ST MARCH 2012.

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) As informed to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) During the year substantial part of fixed assets have not been disposed off.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material.
- (iii) (a) The Company has not granted any loans to Company, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, paras (a) to (d) are not applicable.
- (b) The company has not taken any loan from companies covered in the register maintained under section 301 of the Companies Act, 1956. Therefore paras (e) to (g) are not applicable.
- (iv) In our opinion and according to the information and explanations to us, the internal control procedures are commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, there is no continuing failure to correct major weakness in internal control.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements made with the Company referred to under section 301 of the Companies Act, 1956 have been entered in the registers required to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions referred to in section 301 of the Companies Act, 1956 made with the Company in pursuance of such contracts or arrangements have been made at prices which are reasonable having regards to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to information and explanations given to us, the Company has not accepted deposit from the public during the year therefore provisions of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules made there under are not applicable.
- (vii) In our opinion, the Company has internal audit system commensurate with the size of the Company and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the company. Therefore, no further comments are required to be made.
- (ix) (a) According to the information and explanations given to us the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Value Added Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and any other statutory dues applicable to the Company.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

- (b) According to the information and explanations given to us, there was no undisputed amount outstanding & payable in respect of statutory dues as at 31st March, 2012, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, an amount of ₹ 1,26,385/- towards Sales tax liability is disputed by the company and not deposited with appropriate authority. The Company does not have any other disputed dues which are not deposited for Income Tax / Wealth Tax / Custom Duty / Excise Duty or Cess.
- (x) The Company does not have accumulated losses as on 31st March, 2012. Further it has not incurred cash loss during the year ended on 31st March, 2012.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore provisions of clause (xiii) of the order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. The shares and securities held by the Company as investments are in its own name.
- (xv) According to the information and explanations given to us, the Company has given a corporate guarantee in favour of Housing and Urban Development Corporation Limited (HUDCO) as a security for loans obtained by National Hotels Limited, in which the Company is a share holder.
- (xvi) In our opinion, the term loan taken by the Company has been applied for the purpose for which it was raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short-term basis which have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures and therefore the creation of securities or charge does not arise.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS
(F.R. No. : 106829W)

Place : Ahmedabad
Date : August 24, 2012

CA. Pranav N. Shah
Proprietor
Membership No. 033747



BALANCE SHEET AS AT 31ST MARCH, 2012

Sr. No.	Particulars	Note No.	Amount in `	
			As at 31st March, 2012	As at 31st March, 2011
I	<u>EQUITY AND LIABILITIES</u>			
1	<u>SHAREHOLDERS' FUNDS</u>			
	(a) Share Capital	1	193,622,000	204,522,000
	(b) Reserve and Surplus	2	103,382,263	98,688,917
	(c) Money Recd. Against Share Warrants	3	24,135,011	24,135,011
	TOTAL(1)		<u>321,139,274</u>	<u>327,345,928</u>
2	<u>NON-CURRENT LIABILITIES</u>			
	(a) Long Term Borrowings	4	43,252,917	26,103,131
	(b) Other Long Term Liabilities	5	13,370,898	12,399,517
	(c) Long Term Provisions	6	832,142	692,032
	TOTAL(2)		<u>57,455,957</u>	<u>39,194,680</u>
3	<u>CURRENT LIABILITIES</u>			
	(a) Short Term Borrowings	7	19,152,726	15,404,519
	(b) Trade Payables	8	12,048,895	18,375,706
	(c) Other Current Liabilities	9	37,752,547	38,959,459
	(d) Short Term Provisions	10	4,433,415	6,910,235
	TOTAL(3)		<u>73,387,583</u>	<u>79,649,919</u>
	TOTAL(1+2+3)		<u>451,982,814</u>	<u>446,190,527</u>
II	<u>ASSETS</u>			
1	<u>NON-CURRENT ASSETS</u>			
	(a) Fixed Assets			
	(i) Tangible Assets	11	270,624,650	246,451,818
	(ii) Capital Work-in-Progress	11	-	3,735,200
	(b) Non-current Investments	12	38,500,000	58,500,000
	(c) Deferred Tax Assets (Net)	13	6,030,901	6,472,195
	(d) Long Term Loans and Advances	14	45,188,603	39,478,289
	TOTAL(1)		<u>360,344,154</u>	<u>354,637,502</u>
2	<u>CURRENT ASSETS</u>			
	(a) Inventories	15	16,775,952	12,200,684
	(b) Trade Receivables	16	13,156,060	17,205,229
	(c) Cash and Cash Equivalents	17	5,525,302	15,994,150
	(d) Short Term Loans and Advances	18	36,221,129	29,692,035
	(e) Other Current Assets	19	19,960,217	16,460,927
	TOTAL(2)		<u>91,638,660</u>	<u>91,553,025</u>
	TOTAL(1+2)		<u>451,982,814</u>	<u>446,190,527</u>
	Notes to the accounts forming part of Balance Sheet	27		

As per our audit report of even date attached

For NAIMISH N. SHAH & CO.

Chartered Accountants
(F.R. No. : 106829W)

CA. Pranav N. Shah

Proprietor
Membership No. 033747

Ahmedabad
August 24, 2012

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

JAYESH DAVE

Director

DR. RAM PRAKASH KOTHARI

Director

Ahmedabad
August 24, 2012

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Note No.	Amount in `	
			For the year ended 31st March, 2012	For the year ended 31st March, 2011
<u>REVENUE FROM OPERATIONS</u>				
I	Revenue from Operations	20	189,067,769	189,030,853
II	Other Income	21	5,481,040	1,116,006
III	TOTAL REVENUE(I+II)		194,548,809	190,146,859
<u>EXPENSES</u>				
IV	A Cost of Material Consumed	22	14,329,552	13,800,559
	B Employees' Benefits Expenses	23	38,323,418	38,255,563
	C Finance Costs	24	14,318,359	13,970,302
	D Depreciation and Amortization Expenses	25	12,323,255	11,610,881
	E Other Expenses	26	87,388,783	90,519,617
	TOTAL EXPENSES		166,683,367	168,156,922
V	Profit Before Exceptional And Extraordinary Items And Tax (III-IV)		27,865,442	21,989,937
VI	Exceptional Items		16,211,202	-
VII	Profit Before Extraordinary Items And Tax (V-VI)		11,654,240	21,989,937
VIII	Extraordinary Items		-	-
IX	Profit Before Tax (VII-VIII)		11,654,240	21,989,937
X	Tax Expense			
	a Current Tax		2,500,000	4,757,000
	b Earlier Year Tax		1,425,746	59,548
	c Deferred Tax		441,294	218,734
XI	Profit / (Loss) for the period (IX-X)		7,287,200	16,954,655
XII	Earning per equity share			
	a Basic		0.30	0.83
	b Diluted		0.36	0.79

Notes to the accounts forming part of Statement of Profit & Loss 27

As per our audit report of even date attached
For NAIMISH N. SHAH & CO.
 Chartered Accountants
 (F.R. No. : 106829W)
CA. Pranav N. Shah
 Proprietor
 Membership No. 033747
 Ahmedabad
 August 24, 2012

For and on behalf of the Board
U. CHAMPAWAT
Chairman and Managing Director
JAYESH DAVE
Director
DR. RAM PRAKASH KOTHARI
Director
 Ahmedabad
 August 24, 2012



CASH FLOW STATEMENT

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	11,654,240	21,989,937
Adjustments For :		
Depreciation	12,323,255	11,610,881
Interest & Financial Charges	14,318,359	13,970,302
Loss on Sale of Assets	14,000,000	405,729
Operating Profit before Working Capital Changes	52,295,854	47,976,849
Adjustments for :		
Trade Receivables	4,049,169	1,341,258
Loans & Advances	(15,738,698)	12,709,291
Inventories	(4,575,268)	301,321
Trade Payables & Other Liability	(10,010,543)	8,923,769
Cash Generated from Operations	(26,275,340)	23,275,639
Provision for Income Tax	(3,925,746)	(4,816,548)
Net Cash Flow from Operating Activities	22,094,768	66,435,940
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Assets	(26,760,887)	(20,112,284)
Net Cash Flow from Investing Activities	(26,760,887)	(20,112,284)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	22,009,484	(9,539,814)
Interest & Financial Charges	(14,318,359)	(13,970,302)
Proposed Dividend on OCPS	(1,950,443)	(2,532,505)
Tax on Dividend	(316,411)	(420,617)
Redemption of OCPS	(11,227,000)	(11,196,100)
Net Cash Flow from Financing Activities	(5,802,729)	(37,659,338)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(10,468,848)	8,664,318
OPENING BALANCE OF CASH & CASH EQUIVALENTS	15,994,150	7,329,832
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	5,525,302	15,994,150

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director

JAYESH DAVE
Director
Ahmedabad, August 24, 2012

DR. RAM PRAKASH KOTHARI
Director

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Royale Manor Hotels and Industries Limited for the year ended 31st March, 2012. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of listing agreement with stock exchanges and is based on and in agreement with the corresponding Statement of Profit and Loss and Balance Sheet of the Company covered by our report of 24th August, 2012 to the members of the Company.

FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS
(F.R. No. : 106829W)

Place : Ahmedabad
Date : August 24, 2012

CA. Pranav N. Shah
Proprietor
Membership No. 033747

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

		Amount in `	
Note No.	Sr. No. Particulars	As at 31st March, 2012	As at 31st March, 2011
1	<u>SHARE CAPITAL</u>		
	A <u>AUTHORISED</u>		
	28,500,000 (P.Y. 28,500,000) Equity Shares of ` 10/- each	285,000,000	285,000,000
	650 (P.Y. 650) Optionally Convertible Preference Shares of ` 100,000/- each	65,000,000	65,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
	B <u>ISSUED, SUBSCRIBED & PAID UP</u>		
	Equity Shares of ` 10/- each, fully paid up		
	At the beginning of the year, No. of Shares 16,932,200 (P.Y. 16,932,200)	169,322,000	169,322,000
	Addition / (Deduction) during the year	-	-
	At the end of the year, No. of Shares 16,932,200 (P.Y. 16,932,200)	<u>169,322,000</u>	<u>169,322,000</u>
	Optionally Convertible Preference Shares of ` 1,00,000/- each, fully paid up		
	At the beginning of the year, No. of Shares 352 (P.Y. 460.7)	35,200,000	46,070,000
	Addition during the year Nil (P.Y. Nil)	-	-
	Deduction during the year, No. of Shares 109 (P.Y. 108.70)	10,900,000	10,870,000
	At the end of the year, No. of Shares 243 (P.Y. 352)	<u>24,300,000</u>	<u>35,200,000</u>
	GRAND TOTAL	<u>193,622,000</u>	<u>204,522,000</u>

Footnote The Company has only one class of equity shares having a par value of ` 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 the equity shares will be entitled to receive remaining assets of the company after distribution/repayment of all creditors and Preference share holders. The distribution will be in proportion to the number of equity shares held by the share holders.

The company has also one class of Optionally Convertible Preference Share (OCPS) of ` 100,000/- each. In the event of Liquidation of the Company, the holders of the OCPS will have preference over equity share holders. For the year ended on 31st March, 2012 @ 6% (P.Y. 6 %) dividend on Optionally Convertible Preference Share (OCPS) was recommended.

C LIST OF SHARE HOLDERS HOLDING 5 % OR MORE EQUITY SHARES

Sr. No.	Name of Shareholders	Percentage	No. of Shares
1	Shree Bala Finvest Pvt. Ltd.	12.33%	2,087,100
2	Champawat Investment & Consultants Pvt. Ltd.	10.16%	1,720,400
3	Pioneer Buildcon Pvt. Ltd.	8.34%	1,412,860
4	Gujarat Finvest Services Pvt. Ltd.	6.29%	1,065,600
5	Elcon Exports Pvt. Ltd.	5.38%	910,300

D LIST OF SHARE HOLDERS HOLDING 5 % OR MORE OPTIONALLY CONVERTIBLE PREFERENCE SHARES (OCPS)

Sr. No.	Name of Shareholders	Percentage	No. of OCPS
1	Tourism Finance Corporation of India Ltd	51.85%	126
2	IDBI Bank Ltd	48.15%	117



Note No.	Sr. No.	Particulars	Amount in `	
			As at 31st March, 2012	As at 31st March, 2011
2		RESERVES & SURPLUS		
	A	CAPITAL REDEMPTION RESERVE		
		At the beginning of the year	19,570,000	8,373,900
		Additions during the year	11,227,000	11,196,100
		Utilised during the year	-	-
		At the end of the year	<u>30,797,000</u>	<u>19,570,000</u>
	B	SECURITIES PREMIUM RESERVE		
		At the beginning of the year	9,030,000	9,356,100
		Additions during the year	-	-
		Utilised during the year	327,000	326,100
		At the end of the year	<u>8,703,000</u>	<u>9,030,000</u>
	C	REPLACEMENT OF FF & E RESERVE		
		At the beginning of the year	1,833,971	3,233,265
		Additions during the year	3,792,639	4,035,611
		Utilised during the year	1,535,059	5,434,905
		At the end of the year	<u>4,091,551</u>	<u>1,833,971</u>
	D	SURPLUS		
		At the beginning of the year	68,254,946	64,050,219
		Additions during the year	7,287,200	16,954,655
		(Balance in Statement of Profit & Loss)		
		Allocations and Appropriations		
		Dividend on OCPS	(1,950,443)	(2,532,505)
		Tax on Dividend	(316,411)	(420,617)
		Transfer (To) / From Reserves	(13,484,580)	(9,796,806)
		At the end of the year	<u>59,790,712</u>	<u>68,254,946</u>
		GRAND TOTAL	<u>103,382,263</u>	<u>98,688,917</u>
3		MONEY RECEIVED AGAINST SHARE WARRANTS		
		Preferential Share Warrants	<u>24,135,011</u>	<u>24,135,011</u>
			<u>24,135,011</u>	<u>24,135,011</u>
4		LONGTERM BORROWINGS		
	A	SECURED TERM LOANS FROM BANKS		
		IDBI Bank Limited (Foot Note 1)	-	2,841,931
		Punjab National Bank (Foot Note 2)	26,874,990	-
			<u>26,874,990</u>	<u>2,841,931</u>
	B	SECURED TERM LOANS FROM FINACIAL INSTITUTION		
		Tourism Finance Corporation of India Limited (Foot Note 1)	-	6,200,000
		Tata Capital Financial Services Limited (Foot Note 3)	377,927	1,061,200
			<u>377,927</u>	<u>7,261,200</u>
	C	UNSECURED LONGTERM BORROWINGS:		
		Inter Corporate Deposits	16,000,000	16,000,000
			<u>16,000,000</u>	<u>16,000,000</u>
		GRAND TOTAL	<u>43,252,917</u>	<u>26,103,131</u>

Footnote 1 : Secured by way of pari passu mortgage & charge on all the immovable properties, both present and future of the company and charge by way of hypothecation of all movable assets (save & except book debts) both present and future, ranking pari-passu, subject to prior charges created in favour of the Punjab National Bank on the Stock of Raw Materials, Consumable Stocks and such other movables for securing the borrowing for working capital requirement. Repayable in 28 quarterly installments from October, 2005 to July, 2012

Footnote 2 : Secured by way of pari passu mortgage & charge on all the immovable properties both present and future of the company and charge by way of hypothecation of all movable assets both present and future, ranking pari passu, excluding block assets financed by Tata Capital Financial Services Ltd. Repayable in 72 monthly installments from October, 2012 to September, 2018

Footnote 3 : Secured by way of Hypothecation of Equipment and further secured by corporate guarantee and personal guarantee of the director. Repayable in 21 monthly installments from August, 2011 to April, 2013.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

			Amount in `	
Note No.	Sr. No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
5		OTHER LONG-TERM LIABILITIES		
		Security Deposits from Contractors	2,128,379	2,128,379
		Security Deposits from Others	2,000	26,000
		Others	11,240,519	10,245,138
			<u>13,370,898</u>	<u>12,399,517</u>
6		LONG-TERM LIABILITIES		
		Provision for Employees Benefits	832,142	692,032
			<u>832,142</u>	<u>692,032</u>
7		SHORT TERM BORROWINGS		
		SECURED - CASH CREDIT FROM BANK		
		Working Capital Facility - Punjab National Bank (Footnote 4)	19,152,726	15,404,519
			<u>19,152,726</u>	<u>15,404,519</u>
Footnote 4 : Secured by way of hypothecation of Stock of Raw Materials, Consumable Stocks & such other movables and book debts of the Company, personal guarantee of a director and further secured by second charge on block assets of the Company.				
8		TRADE PAYABLES		
		Sundry Creditors	8,388,507	18,375,706
		Advance from Parties	3,660,388	-
			<u>12,048,895</u>	<u>18,375,706</u>
9		OTHER CURRENT LIABILITIES		
		Current Year's Other Taxes Payable	1,424,345	1,459,379
		Current Maturity of Long Term Borrowings		
		- From Bank	8,591,941	5,400,000
		- From Financial Institutions	10,833,200	14,688,800
		Interest Accrued and due on Borrowings	429,918	-
		Interest Accrued but not due on Borrowings	341,797	929,067
		Other Current Liabilities	10,069,096	6,677,419
		Proposed Dividends	1,950,443	2,532,505
		Tax on Dividends	737,030	959,149
		Provision for Income Tax	2,500,000	4,757,000
		Statutory Dues	250,547	255,847
		TDS Payable	624,230	1,300,293
			<u>37,752,547</u>	<u>38,959,459</u>
10		SHORT-TERM PROVISIONS		
		Provision for Employees Benefits	2,384,000	2,160,000
		Provision for Doubtful Debts	601,960	2,232,504
		Others	1,447,455	2,517,731
			<u>4,433,415</u>	<u>6,910,235</u>

11 : FIXED ASSETS

(Amount in `)

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	As at 1st April, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	As at 31st March, 2011	
Freehold Land	36,971,314	-	-	36,971,314	-	-	-	36,971,314	36,971,314	
Buildings	155,524,872	15,687,885	-	171,212,757	31,623,882	2,535,754	-	34,159,636	137,053,121	
Electrical Installations	36,918,116	675,355	-	37,593,471	23,290,339	895,551	-	24,185,890	13,627,777	
Plant & Machineries	170,150,830	20,388,436	1,768,500	188,770,766	109,187,378	7,014,268	1,100,000	115,101,646	73,669,120	
Computers	10,100,617	281,695	-	10,382,312	7,378,636	643,327	-	8,021,963	2,360,349	
Furniture & Fittings	1,767,017	30,900	-	1,797,917	1,279,314	89,639	-	1,368,953	428,964	
Office Equipments	1,676,429	108,099	45,000	1,739,528	558,145	80,529	37,217	601,457	1,138,071	
D.G. Set	320,000	-	-	320,000	243,241	15,200	-	258,441	61,559	
Vehicles	11,063,329	-	-	11,063,329	4,775,771	1,048,987	-	5,824,758	5,238,571	
Live Stock	296,000	-	-	296,000	-	-	-	-	296,000	
Total	424,788,524	37,172,370	1,813,500	460,147,394	178,336,706	12,323,255	1,137,217	189,522,744	270,624,650	
Previous Year	410,035,637	16,467,084	1,714,197	424,788,524	167,944,293	11,610,881	1,218,468	178,336,706	246,451,818	
Capital Work in Progress									3,735,200	



Note No.	Sr. No.	Particulars			Amount in `	
			As at 31st March, 2012	As at 31st March, 2011		
12		<u>NON CURRENT INVESTMENT</u>				
		TRADE INVESTMENTS (At cost)				
		Trade & Unquoted	Face Value	No. of Shares Current Year	No. of Shares Previous Year	
		Investment in Shares- National Hotels Ltd	10	3,850,000	4,350,000	
						38,500,000
						58,500,000
						38,500,000
						58,500,000
13		<u>DEFERRED TAX ASSETS (NET)</u>				
		Deferred Tax Asset (Net)				
						6,030,901
						6,472,195
						6,030,901
						6,472,195
14		<u>LONG TERM LOANS AND ADVANCES</u>				
		(Unsecured, considered good)				
		Capital Advances				41,879,240
		Security Deposits				36,169,626
						3,309,363
						3,308,663
						45,188,603
						39,478,289
15		<u>INVENTORIES</u>				
		(As valued & certified by the Management)				
		Provisions & Stores				958,668
		Cutlery, Crockery, Chinaware, Glassware & Linen				736,981
		Other Stores				5,102,155
						4,270,824
						10,715,129
						7,192,879
						16,775,952
						12,200,684
16		<u>TRADE RECEIVABLES</u>				
		(Unsecured considered good)				
		Debts outstanding for a period exceeding Six months from the date they are due				1,826,240
		Other Debts				4,710,592
						11,329,820
						12,494,637
						13,156,060
						17,205,229
17		<u>CASH & CASH EQUIVALENTS</u>				
	A	BALANCE WITH BANKS				
		In Fixed Deposits				277,456
		In Fixed Deposits (Maturing beyond 12 months)				354,295
		In Current Accounts				12,831
						10,277
						4,489,081
						14,897,533
	B	CASH ON HAND				
		Cash on Hand				745,934
						732,045
						5,525,302
						15,994,150
18		<u>SHORT TERM LOANS & ADVANCES</u>				
		(Unsecured, considered good)				
		Advance to Suppliers				836,451
		Advance to Staff				842,477
		Advance recoverable in cash or in kind				231,855
		Advance payment and deduction of Income Tax at source				119,061
		Others				14,323,437
						14,378,867
						3,939,191
						6,449,750
						16,890,195
						7,901,880
						36,221,129
						29,692,035
19		<u>OTHER CURRENT ASSETS</u>				
		Prepaid Expenses				1,192,481
		Others				1,053,070
						18,767,736
						15,407,857
						19,960,217
						16,460,927

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

**NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR
THE YEAR ENDED 31ST MARCH, 2012**

Note No.	Particulars	Amount in `	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
20	<u>REVENUE FROM OPERATIONS</u>		
	Rooms	120,060,591	131,482,142
	Food & Beverages	58,235,029	45,385,964
	Wine & Liquor	390,429	2,050,695
	Telephone & Internet	2,843,091	3,155,468
	Other Services	7,538,629	6,956,584
		<u>189,067,769</u>	<u>189,030,853</u>
21	<u>OTHER INCOME</u>		
	Other Non Operating Income	5,481,040	1,116,006
		<u>5,481,040</u>	<u>1,116,006</u>
22	<u>COST OF MATERIALS CONSUMED</u>		
	Opening Balance of Stock	736,981	562,930
	Add : Purchases of Raw Material	14,551,239	13,974,610
		<u>15,288,220</u>	<u>14,537,540</u>
	Less : Closing Balance of Stock	958,668	736,981
		<u>14,329,552</u>	<u>13,800,559</u>
23	<u>EMPLOYEE BENEFITS EXPENSE</u>		
	Salary & Wages	28,792,921	29,094,446
	Contribution to Provident Fund and Other Funds	1,728,264	1,354,821
	Other Staff Related Expenses	7,802,233	7,806,296
		<u>38,323,418</u>	<u>38,255,563</u>
24	<u>FINANCIAL COSTS</u>		
	A <u>Interest Expenses</u>		
	Interest to Bank	5,056,197	3,853,713
	Interest to Financial Institutions	3,564,183	4,700,788
	Interest to Depositors	1,920,000	1,920,000
	Interest on TDS & Other Taxes	10,734	1,670
	B Other Borrowing Costs	1,145,513	448,498
	C Commission on Credit Card Settlement	2,621,732	3,045,633
		<u>14,318,359</u>	<u>13,970,302</u>
25	<u>DEPRECIATION AND AMORTZATION EXPENSE</u>		
	Depreciation	12,323,255	11,610,881
		<u>12,323,255</u>	<u>11,610,881</u>



Note No.	Particulars	Amount in `	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
26	<u>OTHER EXPENSES</u>		
A	<u>OPERATING EXPENSES</u>		
	Banquet Expenses	3,810,040	4,580,097
	Power & Fuel	18,599,183	20,012,328
	Repair & Maintenance - Building	1,974,434	16,095,868
	Repair & Maintenance - Machinery	2,322,044	4,060,062
	Repair & Maintenance - Others	1,280,545	2,925,774
	Upkeep & Service Cost	4,669,691	4,280,946
		<u>32,655,937</u>	<u>51,955,075</u>
B	<u>ADMINISTRATIVE EXPENSES</u>		
	Rates & Taxes	1,305,215	1,551,906
	Insurance Expenses	1,073,946	1,153,726
	Legal & Professional Expenses	2,840,936	2,709,165
	Operating Fess	13,891,371	14,568,116
	Loss on Sale of Assets	14,000,000	405,729
	Payment to Auditors	458,793	209,246
	Postage & Courier Expenses	226,465	227,599
	Printing & Stationary	1,074,299	1,047,751
	Rent	600,000	411,000
	Bad & Doubtful Debt	1,214,095	1,243,764
	Travelling & Conveyance	2,437,424	2,306,287
	Director Remunerations & Perquisites	772,790	773,654
	Director Sitting Fees	10,500	8,500
	Donation	158,543	57,850
	General Expenses	4,422,268	4,214,154
	Telephone Expenses	2,270,012	2,953,297
		<u>46,756,657</u>	<u>33,841,744</u>
C	<u>SELLING & DISTRIBUTION EXPENSES</u>		
	Advertisement Expenses	281,972	29,478
	Sales Commission & Incentives	972,653	679,453
	Sales Promotion Expenses	6,721,564	4,013,867
		<u>7,976,189</u>	<u>4,722,798</u>
	GRAND TOTAL (A+B+C)	<u><u>87,388,783</u></u>	<u><u>90,519,617</u></u>

NOTE-27 :SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:-

1.1 BASIS OF ACCOUNTING:

- (i) The Financial Statements have been prepared under the Historical Cost Convention and generally accepted accounting practices followed in India and provisions of Companies Act, 1956 and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India(ICAI).
- (ii) The Company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

1.2 FIXED ASSETS AND DEPRECIATION:

(i) **FIXED ASSETS:**

Fixed Assets have been recorded at actual cost inclusive of freights, duties, taxes and other incidental expenses related to acquisition, improvement and installation. Capital Work-in-progress includes Cost of Assets not installed.

(ii) **DEPRECIATION:**

Depreciation on Fixed Assets other than freehold land & live stocks has been provided on "Straight Line Method (SLM)" at the rates specified in Schedule XIV to the Companies Act 1956, as existing on that date, except in case of Heat Ventilating & Air Conditioning and Plumbing Machineries included in Plant and Machineries which have been depreciated @ 7.42% p.a. on double shift basis.

(iii) **BORROWING COSTS:**

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of respective assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

1.3 INVESTMENTS:

Investments are long term trade investment and are stated at Cost.

1.4 INVENTORIES:

Inventories have been valued at cost on First in First Out (FIFO) basis.

1.5 REVENUE RECOGNITION:

Sales and services are stated at net of discounts and inclusive of surplus of luxury tax but exclusive of Taxes. The duty exemption, tax incentives and insurance claims etc. are accounted as and when it is determined and approved by concerned authorities.

1.6 EMPLOYEES BENEFITS:

The Company accounts for leave encashment benefits on the basis of actuarial valuation. Further, contribution to the Gratuity Fund linked with Life Insurance Corporation of India is charged to Statement of Profit and Loss.

1.7 FOREIGN CURRENCY TRANSACTIONS:

Earnings in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Gain/Loss arising out of fluctuations in exchange rates are accounted for on settlement and the same is charged to the Statement of Profit And Loss. Payments in foreign currencies are recorded at the rates prevailing on the date of actual remittance.



1.8 USE OF ESTIMATES:

The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known / materialized.

1.9 IMPAIRMENT OF FIXED ASSETS:

Fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

1.10 TAXATION:

Income Tax expense comprises of Current Tax and Deferred Tax expense/credit.

(i) Current Tax

Provision for current income tax is made on the basis of estimated taxable income, in accordance with the provisions of the Income Tax Act, 1961 and rules framed there under.

(ii) Deferred Tax

Consequent to the issuance of AS-22 "Accounting for Taxes on Income" by the ICAI, Deferred Tax is recognized, on timing differences, between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

1.11 EARNING PER SHARE (EPS):

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

1.12 CONTINGENCIES AND PROVISIONS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are disclosed after careful evaluation of the facts and legal aspects of the matter, by the management. Contingent Assets are neither recognized nor disclosed in the financial statements.

2. NOTES FORMING PART OF ACCOUNTS:-

2.1 Some of the balances of sundry creditors, sundry debtors, loans & advances and other liabilities are subject to confirmations and reconciliation.

2.2 In the opinion of the Board of Directors, Current Assets, Loans & Advances are approximately of the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business.

2.3 As the Company is engaged in only one segment of Hotel business, there are no separate reportable segments as per Accounting Standard (AS)-17 of Segment Reporting.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

- 2.4** As per Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :-

Name of the Related Party	Relationship	Amount of Transaction Amount in `	Nature of Transaction
Mr U. Champawat	Chairman & Managing Director	772,790/-	Managerial Remuneration

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

- 2.5** Earnings per share (EPS) required to be disclosed as per Accounting Standard (AS) 20 issued by the Institute of Chartered Accountants of India is as follows:

Particulars	Current Year 2011-12 Amount in `	Previous Year 2010-11 Amount in `
Earnings Per Share has been computed as under:-		
Profit After Tax (PAT)	7,287,200	16,954,655
Add/(Less): Preference Dividend & Tax thereon.	(2,266,854)	(2,953,122)
Add/(Less): Prior Period Adjustments (Net)	—	—
Profit	5,020,346	14,001,533
Number of Equity Shares of ` 10/- each	16,932,200	16,932,200
Weighted Average Number of Equity Shares of ` 10/- each	20,405,915	21,493,064
Basic EPS	0.30	0.83
Diluted EPS	0.36	0.79

- 2.6** The Company has provided for Deferred Tax pursuant to Accounting Standard-22 being "Accounting for taxes on Income" issued by the ICAI. According to the said Standard the Deferred Tax for current year is debited to Statement of Profit & Loss.

	Current Year 2011-12 Amount in `	Previous Year 2010-11 Amount in `
2.7 <u>Contingent Liability :</u>		

1) In respect of guarantees given by Scheduled Bank on behalf of the Company.	NIL	NIL
2) In respect of guarantee given to HUDCO on behalf of National Hotels Ltd towards security for term loan	89,093,728	104,717,691
3) In respect of disputed sales tax liability	126,385	126,385

- 2.8** Estimated amount of contracts remaining to be executed on capital account (Net of Advances) not provided for:

2,255,100	12,135,781
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- 2.9** Payment to Auditors :

a) Audit Fees	176,480	176,480
b) Other Services	69,940	47,242
c) Tax Audit Fees	55,150	44,944
d) Taxation Work	110,300	156,180
e) Out of Pocket Expenses	49,369	8,479
Total	461,239	4,33,325



2.10 Capital Work-in- progress is of ` NIL (P.Y. ` 3,735,200/-) as at 31st March 2012.

2.11 The Company has pledged 3,850,000 Equity Shares of ` 10 each aggregating to ` 38,500,000/- with Housing & Urban Development Corporation Ltd. (HUDCO) as a security against the term loans obtained by the National Hotels Ltd.

2.12 Government of India, Ministry of Corporate Affairs vide its notification dated 08/02/2011 has exempted hotel companies from disclosing in their Statement of Profit & Loss, the information under paragraph 3(i) (a) and 3 (ii) (d) of Part-II of Schedule VI to the Companies Act, 1956, in respect of purchase, consumption, turnover, stock etc.

2.13 Expenditure & Earnings in Foreign Currency

Particulars	Current Year 2011-12 Amount in `	Previous Year 2010-11 Amount in `
a. <u>Expenditure in Foreign Currencies :</u>		
- Payments in Foreign Currencies	2,11,378	62,104
- Advance payment for Capital Goods (As certified by the Management)	5,72,340	NIL
b. <u>Earnings in Foreign Currencies</u> (As certified by the Management)	5,18,13,767	6,57,90,671
c. Value of Imports calculated on CIF Basis of Capital Goods	NIL	NIL

2.14 The Company has entered into Hotel Operating Agreement (HOA) with The Indian Hotel Company Limited (IHCL) on 18th April, 2000. Subsequently, the terms of compensation under HOA dated 18th April, 2000 were modified w.e.f. 1st April, 2001, by supplemental agreement dated 4th April, 2002. But, it is observed that compensation reimbursed to IHCL is over and above to the compensation payable as per modified terms and conditions under supplemental agreement. The Company has taken up the matter with IHCL for refund of such excess reimbursement.

2.15 The Company has made total payment of ` 16,211,202/- as and by way of compensation to EIH Limited (formerly known as East India Hotels Ltd.) and Oberoi Hotels Pvt. Ltd. towards the full and final settlement of their claims without any interest thereon. The said expenses are shown as Exceptional Items in Statement of Profit & Loss.

2.16 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure relating to amounts unpaid as at year end together with interest paid/payable under this Act has not been given.

2.17 During the year ended 31st March, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recombination and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has re grouped and re-classified the previous year's figures in accordance with the requirements applicable in the current year. In view of this, certain figures of the current years are not strictly comparable with those of the previous year.

2.18 Notes 1 to 27 form integral part of accounts.

As per our audit report of even date attached

For NAIMISH N. SHAH & CO.

Chartered Accountants

(F.R. No. : 106829W)

CA. Pranav N. Shah

Proprietor

Membership No. 033747

Ahmedabad

August 24, 2012

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

JAYESH DAVE

Director

DR. RAM PRAKASH KOTHARI

Director

Ahmedabad

August 24, 2012

**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

Regd. Office : International Airport Circle, Ahmedabad - 382 475. (India)

Phone : (079) 22868642-43 Fax : (079) 22868641

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failure to bring this Attendance Slip create unnecessary inconvenience to you.

Please write below

DP Id*	
Client Id*	

Registered Folio No	
No of Shares held	

Full Name of the Member _____

Full Name of the Proxy _____

(In Block Letters, to be filled in if the proxy attends instead of the Member)

I hereby record my presence at the **21st ANNUAL GENERAL MEETING** of the Company held at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 on Saturday, the 29th Day of September, 2012 at 3.00 p.m.

Member's / Proxy Signature

* Applicable to the members holding shares in electronic form.

NOTES :

- Members/Proxy holders are requested to bring their copy of the Notice with them at the Meeting.
- Please carry with you this Attendance Slip and hand over the same duly completed, stamped signed at the space provided, at the entrance of the Meeting Hall.

----- Tear here -----

**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

Regd. Office : International Airport Circle, Ahmedabad - 382 475. (India)

Phone : (079) 22868642-43 Fax : (079) 22868641

PROXY FORM

DP Id*	
Client Id*	

Registered Folio No	
No of Shares held	

I/We _____ of _____

being Member/ Members of above-named company, hereby appoint Shri / Smt. _____

_____ of _____ or failing him Shri/Smt.

_____ of _____ as my/our proxy to vote for me/us and on

my/us behalf at the 21st Annual General Meeting of the Company to be held on Saturday, the 29th Day of September, 2012 at 3.00 p.m. or at any adjournment thereof.

Signed by the said _____ day of _____ 2012.

Signature : _____

Affix Rs.1.00 Revenue Stamp

* Applicable to the members holding shares in electronic form.

NOTE :

The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

BOOK-POST
(PRINTED MATTER)

To,

If undelivered, please return to :



ROYALE MANOR
Hotels and Industries Limited

Regd. Office : International Airport Circle, Ahmedabad - 382 475. (India)
Phone : (079) 22868642-43 Fax : (079) 22868641
Email : royalemanorhotels@rediffmail.com
website: www.rmhil.com

Pratiksha, Phone : 98252 62512