

19th Annual Report
2009-2010



ROYALE MANOR
Hotels and Industries Limited

**BOARD OF DIRECTORS****MR. U. CHAMPAWAT***Chairman and Managing Director***MR. B. M. GUPTA***Nominee Director - TFCI***DR. PRAVEENKUMAR R. PATEL***Director***DR. RAM PRAKASH KOTHARI***Director***MR. VISHWAJEETSINGH CHAMPAWAT***Director***MR. JAYESH DAVE***Director***STATUTORY AUDITORS****M/s. NAIMISH N. SHAH & CO.***Chartered Accountants
Ahmedabad***COMPANY SECRETARY****Ms. PUJA KAUSHIK****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 19th Annual General Meeting of the members of Royale Manor Hotels and Industries Limited will be held on Thursday, the 30th day of September, 2010 at 10.30 A.M. at Naroda Muthiya Community Hall, B/h. Galaxy Cinema, Naroda, Ahmedabad – 382 330 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account 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. Vishwajeetsingh Champawat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

By Order of the Board of Directors

Place : Ahmedabad
Date : 25th August, 2010

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 the Share Transfer Books of the Company will remain closed from Thursday, the 23rd day of September, 2010 to Thursday, the 30th day of September, 2010 (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.



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. Vishwajeetsingh Champawat
Date of birth	18/05/1988
Qualification	B. Sc. (Hons.) Business & Management
Expertise	Business Management
Director of the Company since	9/12/2006
Directorship in other public limited companies	Nil
Membership of Committees of other public limited companies	Nil
No. of Shares held in the Company	Nil

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their 19th Annual Report on the business and operations of the Company together with its Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2010 are as under:

(Rupees in Lacs)		
	2009-2010	2008-2009
Total Income	2021.37	2260.46
Profit/(Loss) before Financial Charges, Depreciation and Income Tax		
Less : Financial Charges	416.57	834.49
Less : Depreciation	157.48	208.29
Profit Before Income Tax	108.97	102.05
Less : Provision for Income Tax	150.12	524.15
Add : Deferred Tax Assets	(27.25)	(66.73)
Profit For the Year after Income Tax	(0.85)	13.23
Add/(Less) : Prior Period Adjustments (Net)	122.01	470.65
Profit Available for Appropriation	—	1.46
Appropriation		
Add/(Less) : Reserve for Replacement of FF&E (Net)	122.01	472.11
Add/(Less) : Proposed dividend	(19.66)	(12.68)
Add/(Less) : Tax on dividend	(31.69)	(21.68)
Add : Balance of Profit/(Loss) brought forward	(5.39)	(3.68)
Add/(Less) : Transfer to Capital Redemption Reserve	658.96	224.89
Balance carried to Balance Sheet	(83.74)	—
	640.51	658.96

Your directors are pleased to recommend 6% of dividend on Optionally Convertible Preference Shares (OCPS) for the year ended 31st March, 2010, aggregating Rs. 31.69 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 recessionary trend, slowdown in the tourism sector, H1N1 pandemic, travel advisories, etc. resulted in downward trend in the demand. In the Ahmedabad city, Hotel business become more competitive due to commissioning of new Hotels, some of the Companies have started with their own Guest House/

Apartments to accommodate their guests travelling to Ahmedabad City.

In comparison to previous year, the Average Occupancy of the hotel for 2009-10 has declined to 69% from 74%. Also, the Average Room Rates has declined to Rs. 6314 during the year under review from Rs. 6881 in the previous year 2008-09.

However, during the year, despite lower occupancy and ARR, company had been in a position to achieve a turnover of Rs. 2021.37 Lacs, in comparison to Rs. 2260.46 Lacs, in the previous year 2008-09. The Company, after providing for interest of Rs. 157.48 Lacs and depreciation of Rs.108.97 Lacs, has made a profit of Rs. 150.12 Lacs.

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, Ummad Ahmedabad" is managed by The Indian Hotels Company Limited (Taj Group) for over Ten years. The established brand name, superior ambience, interior decorations and services and loyal clientele shall place the hotel ahead of its Competitors. Further, as a part of emerging "domestic domination Strategy" the Gateway Brand of Taj Group give the Hotel an opportunity to exploit rapidly the emerging mid market full service segment.

FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the financial year 2009-10 from public.

DIRECTORS

In accordance with provisions of the Section 256 of Companies Act, 1956 and the Articles of Association, Mr. Vishwajeetsingh Champawat, 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) that in the preparation of annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed and there are no material departures.
- (ii) that 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) that 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) that the directors had prepared the annual accounts for the financial year ended 31st March, 2010 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 19th Annual General Meeting of the Company and being eligible offer themselves for re-appointment. You are requested to consider their re-appointment.

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 following the 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 Rs.24,00,000/- or more per annum/Rs. 2,00,000/- 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

U. Champawat

Date : 25th August, 2010 *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 2009-2010.

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

Particulars	Unit	2009-2010	2008-2009
(I) POWER AND FUEL CONSUMPTION			
1. Electricity			
(a) Purchased	Kwh	2,408,920	2,536,666
Total Amount	Rs.	14,090,904	14,082,128
Rate/Unit	Rs./Kwh	5.85	5.55
(b) Own			
Generation (Units)		874	4,278
2. Coal			
Quantity	Kg.	18,166	14,040
Total Cost	Rs.	181,660	147,662
Rate	Rs./Kg.	10.00	10.52
3. High Speed Diesel/LDO			
Quantity	Litres	117,710	112,370
Total Cost	Rs.	4,735,981	4,939,228
Average			
Rate	Rs./Litres	40.23	43.96
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 :

	2009-10	2008-09
Earnings in Foreign Currencies (Rs.)	74,007,583	83,439,194
Expenditure in Foreign Currencies (Rs.) :	-	-
Payment to		
Travel Agents	189,268	33,999
Travelling Expenses	-	-
Value of Imports calculated on CIF basis of Capital Goods	-	-
Other expenditure (Raw Material)	-	-

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

Tourism plays an important role within the Indian economy. The World Travel & Tourism Council has identified India as one of its growth centers in the world in the coming decade. After the slack period for the past several months, coupled with the ghastly terrorist attacks in two of the Mumbai's most premium 5 Star properties, had given a serious setback to the growth of the Indian Hotel Industry. Now, thankfully thing seems to be changing for the better in the Indian hospitality scenario. Comparatively, India's economy, which has not been as adversely affected by the global meltdown, as some other parts of the world. India's GDP grew by 7.2% in 2009-10. Today hospitality sector is one of the fastest growing sectors in India. Indian GDP has clocked an impressive growth of 2.4 percent during the year 2009-10 by hotel industry.

SECTOR OUTLOOK

The Indian Hotel Industry can look forward to better prospects than the previous two years. The expected growth in the hospitality sector, would place second - fastest growing tourism market in India. India has a strong GDP growth rate, and established role as a global hub for the outsourcing industry and the infrastructure to support travel and within the country.

Indian Hospitality will see the maximum development of room during the next 3 to 4 years. The rate of developments of the rooms would be much higher, something that we have not seen in the past 10 years. The Indian Hospitality sector is expected to achieve an average growth rate of 8.8% in the coming 3 – 4 years.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In recent years government has taken several steps to boost travel & tourism which have benefited hotel industry in India. Due to the ongoing expansion of Indian economy and key regulatory development, and increasing number of multinationals are coming into India. The growth in key sector like IT, BPO, KPO, Bio-technology and medical tourism in India, has propelled the bullish trend of hospitality sector in India.

While the increasing inflow of Foreign Tourist Arrival (FTA) has given an impetus to the hospitality sector over the years, domestic tourism too has, of late, begun offering great potential for the Indian hospitality industry. India is fortunate to have a domestic market, that supports the growth of the tourism industry even the world economy is recuperating from a recessionary phase. As the government's policy has become more favorable towards foreign investors and as India continues to receive attention as an emerging market, promising growth even in the time of economic down turn. The future outlook of the tourism sector remains encouraging.

Hotel Industry in India is also set to get a fillip with Delhi hosting 2010 Commonwealth Games. Government has approved 300 hotel projects, nearly half of which are in the luxury range. The future scenario of Indian hotel industry looks extremely rosy. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years. The hospitality industry is poised to grow at a faster rate and reach INR 826.76 billion by 2010. It is estimated that over the next two years 70,000-80,000 rooms will be added across different categories throughout the country.

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 14 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 in vicinity.
- The brand name "Taj GROUP" has national and international recognition and is a force in the hospitality industry.

Weakness

- Hospitality Industry suffers from event risks such as Earthquakes, communal riots, etc. the company is operating in area, which is prone to these risks.



Opportunities

- Ahmedabad is one leading industrial cities of India and ranks no. 1 in Gujarat in terms of revenue. The Company will be able to exploit the business travel potential offered by the city.
- The Hotel is well established and the promoters with their experience have passed through such phases without many adversities.
- New Hotel Project under consideration

Threats

- Global hospitality majors like the Four Seasons and Shangri-La are eying the Indian Market. The Hilton Group may stage a comeback. Two other Groups- the Carlson Group & Marriott Chain are on a look out for taking over/ establishing hotels in top cities. This will intensify the competition in the industry. Moreover, the leading hospitality majors based at Ahmedabad are planning to expand their operations. Recently, St. Laurn's, Cambay Resorts, Marriott Group and Royal Orchid have commenced operations in Ahmedabad.
- Economic slowdown and offer of lower cost services by new five star hotels shall lead stiff competition 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 no exception to same.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERTIONAL PERFORMANCE

The financial performance of the Company for the year 2009-10 is described in the Directors Report under the head of 'Operation'.

SEGMENT WISE 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, 2010 comprises of Six directors including of an Executive (Chairman and Managing Director) and Four Non-Executive Directors and One Director appointed by Financial Institution (TFCI). 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.	Mr. B. M. Gupta	Nominee Director (TFCI-Independent)
5.	Dr. Ram Prakash Kothari	Non-Executive Director (Independent)
6.	Mr. Vishwajeetsingh Champawat	Non-Executive Director (Promoter)

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, Ummed, 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.



During the year under review, the Board met 5 (Five) times on the following dates:

	19/05/2009	18/07/2009	28/08/2009	25/12/2009	26/03/2010
Sr.No.	Name of Director	No. of Meeting held	No. of Meetings Attended	Attendance at the last AGM held on 30.09.2009	
1.	Mr. U. Champawat	5	4	No	
2.	Dr. Praveenkumar R. Patel	5	5	Yes	
3.	Mr. B. M. Gupta (TFCI Nominee)	5	0	No	
4.	Mr. Jayesh Dave	5	3	Yes	
5.	Dr. Ram Prakash Kothari	5	4	Yes	
6.	Mr. Vishwajeetsingh Champawat	5	3	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. Vishwajeetsingh Champawat, 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, 2010 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. B. M. Gupta (TFCI Nominee)	—	—	—
4.	Mr. Jayesh Dave	—	—	—
5.	Dr. Ram Prakash Kothari	—	—	—
6.	Mr. Vishwajeetsingh Champawat	—	—	—

3. COMMITTEES OF BOARD :

The Company had four Board Committees. These are:-

1. Audit Committee
2. Remuneration Committee
3. Sub-Committee (Quarterly Results Review Committee)
4. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

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. Praveenkumar R. Patel 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. Overseeing 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 external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries abased 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, rights 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 rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- F. Reviewing with the management, external 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.



- J. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct 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 apprised on the recommendations for 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.
- 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, 2009 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 2009-10. The dates on which the said meetings were held as follows:

29/04/2009	31/07/2009	17/08/2009	31/10/2009	29/01/2010
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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 (Rs.)
Mr. U Champawat <i>Chairman & Managing Director</i>	9,21,001
Total	9,21,001

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

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 (Rs)
1.	Dr. Praveenkumar R. Patel	2500
2.	Mr. B M Gupta (TFCI Nominee)	NIL
3.	Mr. Jayesh Dave	1500
4.	Dr. Ram Prakash Kothari	2000
5.	Mr. Vishwajeetsingh Champawat	1500

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 Sub-Committee (Quarterly Results Review Committee):

The Sub-Committee (Quarterly Results Review 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 (Independent)
3	Mr. Jayesh Dave	Member	Non- Executive Director (Independent)

The Committee is responsible for approving quarterly un-audited financial statements and monitoring the performance of the Company. 4 (Four) meetings were held on the following dates:

29/04/2009	31/07/2009	31/10/2009	29/01/2010
------------	------------	------------	------------

3.4 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, 2010 is given below):-

Complaints Status : 01.04.2009 to 31.03.2010

·	Number of complaints received so far	:	1
·	Number of complaints solved	:	1
·	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 :

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

Year	Venue	Date	Time
2006-2007	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	28th September, 2007	4.30 P. M. (IST)
2007-2008	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	30th September, 2008	3.00 P. M. (IST)
2008-2009	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	30 TH September, 2009	3.00 P. M. (IST)

(b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in previous Three Annual General Meeting for the year:

2007

Special Resolution with regards to (1) Issue and allotment of 8,00,000 warrants to Promoters and Associates on preferential basis (2) Postal Ballot for issuance of Corporate Guarantee to Housing Urban Development Corporation (HUDCO) on behalf of National Hotels Limited.

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 4 of Schedule 21 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.

6. MEANS OF COMMUNICATION :

The Quarterly Unaudited Financial Results are published in Local English and Vernacular language newspapers. 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	:	Thursday, the 30 th September, 2010 at 10.30 A.M.
Venue	:	Naroda Muthiya Community Hall, B/h. Galaxy Cinema, Naroda, Ahmedabad – 382330.

7.2. Financial Year Calendar :
2010-11 (Tentative)

First Quarter Results	:	Last week of July, 2010
Second Quarter Results	:	Last Week of October, 2010
Third Quarter Results	:	Last Week of January, 2011
Fourth Quarter Results	:	Last Week of April, 2011

7.3. Book Closure Date : Thursday, the 23rd September, 2010 to Thursday, the 30th September, 2010 (both days inclusive).

7.4. Dividend : Dividend on Optionally Convertible Preference Shares (OCPS) is proposed and to be paid from 24th October, 2010. No dividend is proposed on Equity Shares.

7.5. Listing on Equity Shares on Stock Exchanges at:

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 and 24,10,000 Equity Shares) 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 (2009-10) financial year on the Stock Exchanges:

Month	High (Rs.)	Low (Rs.)
April - 2009	13.05	8.37
May - 2009	17.90	9.20
June - 2009	18.80	12.90
July - 2009	15.84	10.23
August - 2009	14.99	11.22
September -2009	16.65	12.90
October -2009	17.60	13.10
November - 2009	15.39	12.95
December - 2009	25.45	13.90
January - 2010	25.00	19.50
February - 2010	23.50	17.00
March - 2010	22.00	17.35



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 Cirice,
Ahmedabad – 382 475.

Tel. No. : 91 – 079 – 22868641

Fax No. : 91 – 079 – 22868641

Email : royalemanorhotels@rediffmail.com

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.

7.9. Distribution of Shareholding (as on 31st March, 2010) :

Category	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1- 500	15527	88.45	2492414	14.72
501-1000	1026	5.84	891576	5.27
1001- 2000	479	2.73	773206	4.57
2001- 3000	172	0.98	443157	2.62
3001- 4000	74	0.42	267075	1.58
4001- 5000	69	0.39	329510	1.94
5001- 10000	106	0.60	771559	4.55
10001 and above	101	0.59	10963703	64.75
TOTAL	17554	100.00	16932200	100.00

7.10 Shareholding Pattern as on March 31, 2010:

Sr.No.	Category	No of Shares held	Percentage (%) of shareholding
1.	Promoters Directors & their Relatives	7708790	45.53
2.	NRI/OCBs	873004	5.16
3.	Banks/Financial Institutions/Mutual Funds	100	0.00
4.	Private Corporate Bodies	1063685	6.28
5.	Others	7286621	43.03
	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, 2010:

Particulars	No of Shares	% shareholding
Physical	6912951	40.83
Demat		
NSDL	8094808	47.80
CDSL	1924441	11.37
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 Select 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 Ummed, 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, 2010.

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

Place: Ahmedabad
Date : 25th August, 2010

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, 2010, 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 : 25th August, 2010

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 2010** and the Profit & Loss Account 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, Profit & Loss Account 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, Profit & Loss Account 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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is prima facie disqualified as on 31st March, 2010 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 2010;
 - ii) In the case of the Profit & Loss Account, 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 25, 2010

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 2010.

- (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 are 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 (b) 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 explanation 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'

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

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.

- (b) According to the information and explanation given to us, there was no undisputed amount outstanding & payable in respect of statutory dues for a period exceeding six months.
- (c) According to the information and explanations given to us, an amount of Rs. 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, 2010. Further it has not incurred cash loss during the period ended on 31st March, 2010.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a 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) The company has not obtained term loans during the year.
- (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 issued 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 25, 2010

CA. Pranav N. Shah
Proprietor
Membership No. 033747

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	As at 31st March, 2010		As at 31st March, 2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	215,392,000		223,522,000	
Preferential Warrants	2	24,135,011		24,135,011	
Reserves and Surplus	3	85,013,484	324,540,495	76,763,561	324,420,572
Loan Funds					
Secured Loans	4	55,136,264		68,768,375	
Unsecured Loans	5	16,000,000	71,136,264	16,000,000	84,768,375
	TOTAL		395,676,759		409,188,947
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	410,035,637		358,922,798	
Less : Depreciation		167,944,293		157,811,957	
Net Block			242,091,344		201,110,841
Capital Work in Progress			44,255,880		115,134,873
Investments	7		58,500,000		38,500,000
Current Assets, Loans & Advances					
Inventories	8	12,502,005		9,427,498	
Sundry Debtors	9	18,546,487		18,270,612	
Cash & Bank Balances	10	7,329,832		5,123,512	
Loans & Advances	11	47,926,805		56,642,390	
		86,305,129		89,464,012	
Less : Current Liabilities & Provisions	12	42,166,523		41,886,502	
Net Current Assets			44,138,606		47,577,510
Miscellaneous Expenditure	13		-		89,400
(to the extent not written off or adjusted)					
Deferred Tax			6,690,929		6,776,323
	TOTAL		395,676,759		409,188,947
Significant Accounting Policies and Notes forming part of Accounts					
	21				

As per our 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 25, 2010

For and on behalf of the Board**U. CHAMPAWAT***Chairman and Managing Director***JAYESH DAVE***Director***DR. RAM PRAKASH KOTHARI***Director*

Ahmedabad,

August 25, 2010

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31st March, 2010 Rupees	Year ended 31st March, 2009 Rupees
INCOME			
Guest Accommodation, Restaurants, Banquets & Other Services	14	198,918,738	223,211,667
Other Income	15	3,217,963	2,834,671
TOTAL		202,136,701	226,046,338
EXPENDITURE			
Consumption of Provisions & Stores	16	10,893,659	10,417,284
Employees' Remuneration & Welfare Expenses	17	30,790,881	31,145,941
Upkeep & Service Cost	18	67,627,764	54,271,784
Administrative, Selling & Other Expenses	19	51,077,682	46,564,081
Interest & Financial Charges	20	15,748,282	20,828,966
Miscellaneous Expenditure Written Off		89,400	197,700
TOTAL		176,227,668	163,425,756
Profit/(Loss) Before Depreciation and Tax		25,909,033	62,620,582
Depreciation		10,897,078	10,204,815
Profit Before Tax		15,011,955	52,415,767
Add/(Less) : Provision for Income Tax		(2,725,444)	(6,137,588)
Add/(Less) : Provision for Fringe Benefit Tax		-	(512,862)
Add/(Less) : Short Provision for FBT		-	(23,022)
Add/(Less) : Deferred Tax		(85,394)	1,322,849
Profit For The Year After Tax		12,201,117	47,065,144
Add/(Less) : Prior Period Adjustments (Net)		-	146,217
Profit Available for Appropriation		12,201,117	47,211,361
Appropriation			
Add/(Less) : Transfer to Reserve for Replacement of FF & E		(4,507,545)	(4,499,732)
Add/(Less) : Transfer from Reserve for Replacement of FF & E		2,541,524	3,232,488
Add/(Less) : Proposed Dividend on Optionally Convertible Preference Shares		(3,168,762)	(2,168,000)
Add/(Less) : Tax on Dividend		(538,532)	(368,452)
Add/(Less) : Balance of Profit/(Loss) brought forward		65,896,317	22,488,652
Add/(Less) : Transfer to Capital Redemption Reserve		(8,373,900)	-
Balance carried to the Balance Sheet		64,050,219	65,896,317
Basic EPS Rs.		0.50	2.64
Diluted EPS Rs.		0.38	1.91
Significant Accounting Policies and Notes forming part of Account	21		

As per our 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 25, 2010

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

JAYESH DAVE

Director

DR. RAM PRAKASH KOTHARI

Director

Ahmedabad,
August 25, 2010



CASH FLOW STATEMENT

	Year ended 31st March, 2010 Rupees	Year ended 31st March, 2009 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	15,011,955	52,415,767
Adjustments For :		
Depreciation	10,897,078	10,204,815
Interest & Financial Charges	15,748,282	20,828,966
Miscellaneous Expenditure Written off	89,400	197,700
Operating Profit before Working Capital Changes	41,746,715	83,647,248
Adjustments for :		
Sundry Debtors	(275,875)	(553,622)
Loans & Advances	8,715,585	19,285,607
Inventories	(3,074,507)	(111,312)
Trade Payables	280,021	3,547,948
Cash Generated from Operations	5,645,224	22,168,622
Provision for Income Tax	(2,725,444)	(6,137,588)
Provision for Fringe Benefit Tax	-	(512,862)
Short Provision for Fringe Benefit Tax	-	(23,022)
Proposed Dividend on OCPS	(3,168,762)	(2,168,000)
Tax on Dividend	(538,532)	(368,452)
Capital Redemption Reserve	(8,373,900)	-
Prior Period Adjustments	-	146,217
Net Cash Flow from Operating Activities	32,585,301	96,752,163
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	(51,877,581)	(6,344,816)
Capital Work in progress	70,878,993	(49,530,868)
Investment	(20,000,000)	-
Net Cash Flow from Investing Activities	(998,588)	(55,875,684)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(13,632,111)	(19,053,565)
Interest & Financial Charges	(15,748,282)	(20,828,966)
Net Cash Flow from Financing Activities	(29,380,393)	(39,882,532)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	2,206,320	993,947
OPENING BALANCE OF CASH & CASH EQUIVALENTS	5,123,512	4,129,565
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	7,329,832	5,123,512

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director

JAYESH DAVE
Director

DR. RAM PRAKASH KOTHARI
Director

Ahmedabad, August 25, 2009

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Royale Manor Hotels and Industries Limited for the year ended 31st March, 2010. 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 Profit and Loss Account and Balance Sheet of the company covered by our report of 25th August, 2010 to the members of the company.

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

Place : Ahmedabad
Date : August 25, 2010

CA. Pranav N. Shah
Proprietor
Membership No. 033747

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 1 : SHARE CAPITAL				
Authorised				
28,500,000 (28,500,000) Equity Shares of Rs. 10/- each		285,000,000		285,000,000
650 (650) Optionally Convertible Preference Shares of Rs 100,000/- each		65,000,000		65,000,000
TOTAL		350,000,000		350,000,000
Issued , Subscribed and Paid up				
16,932,200 (16,932,200) Equity Shares of Rs.10/- each fully paid up		169,322,000		169,322,000
460.70 (542) Optionally Convertible Preference Shares of Rs. 100,000/- each fully paid up		46,070,000		54,200,000
TOTAL		215,392,000		223,522,000
<p>Note : Of the above 460.70 (P.Y. 542.00) OCPS of Rs. 1,00,000/- each are allotted as fully paid up for consideration otherwise than in cash to the Term Lending FIs, pursuant to restructuring of debts. The OCPS are cumulative and redeemable in twenty quarterly installments commencing from 1st July 2009.</p>				
SCHEDULE - 2: PREFERENTIAL WARRANTS				
i) 428,473 (428,473) Preferential Warrants of Rs. 24/- each (Fully paid up Rs. 24 per warrant)		10,283,352		10,283,352
ii) 4,071,527 (4,071,527) Preferential Warrants of Rs. 24/- each (Partly paid up Rs. 2.40 per warrant)		9,771,659		9,771,659
iii) 800,000 (800,000) Preferential Warrants of Rs. 30.50 each (Partly paid up Rs. 3.05 per warrant)		2,440,000		2,440,000
iv) 800,000 (800,000) Preferential Warrants of Rs. 20.50 each (Partly paid up Rs. 2.05 per warrant)		1,640,000		1,640,000
TOTAL		24,135,011		24,135,011
SCHEDULE - 3 : RESERVES & SURPLUS				
Share Premium		9,356,100		9,600,000
Capital Redemption Reserve		8,373,900		-
Reserve for Replacement of FF & E				
Opening Balance	1,267,244		-	
Add : Transfer from Profit & Loss Account	4,507,545		4,499,732	
	<u>5,774,789</u>		<u>4,499,732</u>	
Less : Utilised during the year	2,541,524		3,232,488	
		3,233,265		1,267,244
Profit & Loss Account				
Opening Balance	65,896,317		22,488,652	
Less: Transfer to Capital Redemption Reserve	8,373,900		-	
	<u>57,522,417</u>		<u>22,488,652</u>	
Add : Profit for the current year	6,527,802		43,407,665	
		64,050,219		65,896,317
TOTAL		85,013,484		76,763,561



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 4 : SECURED LOANS				
Term Loans				
Industrial Development Bank of India Ltd. (Refer Note 1 & 2)		13,641,931		22,554,498
Tourism Finance Corporation of India Ltd. (Refer Note 1)		29,400,000		38,600,000
Interest Accrued & Due		-		1,032,487
Working Capital Facility (Refer Note 3)				
Punjab National Bank		12,094,333		6,581,390
	TOTAL	55,136,264		68,768,375

Note 1 : Secured by way of first mortgage & charge on all the immovable properties, both present and future of the company and first charge by way of hypothecation of all movable assets (save & except book debts) 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.

Note 2 : Inclusive of Foreign Currency (US \$) Loan outstanding to Rs. NIL (Previous year Rs. 2,162,567).

Note 3 : Secured by 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.

SCHEDULE - 5 : UNSECURED LOANS

Inter Corporate Deposits		16,000,000		16,000,000
	TOTAL	16,000,000		16,000,000

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE - 6 : FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2009 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As at 31st March, 2010 Rupees	As at 1st April, 2009 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2010 Rupees	As at 31st March, 2009 Rupees
Freehold Land	36,971,314	-	-	36,971,314	-	-	-	-	36,971,314	36,971,314
Buildings	124,029,780	31,529,598	34,506*	155,524,872	26,809,475	2,279,352	-	29,088,827	126,436,045	97,220,305
Electrical Installations	23,706,123	13,218,674	6,681*	36,918,116	21,401,802	993,839	-	22,395,641	14,522,475	2,304,321
Plant & Machineries	151,028,723	7,046,030	1,093,355*	156,981,398	99,005,835	5,827,276	764,742	104,068,369	52,913,029	52,022,888
Computers	9,039,314	324,953	-	9,364,267	6,065,863	643,628	-	6,709,491	2,654,776	2,973,451
Furniture & Fittings	1,762,367	1,050	-	1,763,417	1,099,354	92,264	-	1,191,618	571,799	663,013
Office Equipments	1,602,848	127,076	-	1,729,924	449,576	78,327	-	527,903	1,202,021	1,153,272
D.G. Set	320,000	-	-	320,000	212,841	15,200	-	228,041	91,959	107,159
Vehicles	10,202,329	-	-	10,202,329	2,767,211	967,192	-	3,734,403	6,467,926	7,435,118
Live Stock	260,000	-	-	260,000	-	-	-	-	260,000	260,000
Total	358,922,798	52,247,381	1,134,542	410,035,637	157,811,957	10,897,078	764,742	167,944,293	242,091,344	201,110,841
Previous Year	353,230,669	6,409,499	717,370	358,922,798	148,259,829	10,204,815	652,687	157,811,957	201,110,841	

* Includes on account of net decrease in rupee liability consequent to fluctuations in exchange rate of outstanding foreign currency loan in US\$ as at 31st March, 2010, as under:

Buildings	Rs. 34,506
Electrical Installations	Rs. 6,681
Plant & Machineries	Rs. 42,295



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2010		As at 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 7 : INVESTMENT				
Investment in Equity Shares (Unquoted-fully paid up)				
4,350,000 (3,850,000) Shares of				
Rs. 10/- each of National Hotels Ltd.		58,500,000		38,500,000
TOTAL		58,500,000		38,500,000
SCHEDULE - 8 : INVENTORIES (AT COST)				
(As Valued and Certified by the Management)				
Provisions & Stores		562,930		631,238
Cutlery, Crockery, Chinaware, Glassware & Linen		2,784,319		3,705,983
Other Stores		9,154,756		5,090,277
TOTAL		12,502,005		9,427,498
SCHEDULE - 9 : SUNDRY DEBTORS				
(Unsecured, Considered good)				
Debts Outstanding for a period exceeding six months (Considered good)		3,923,387		4,528,367
Other Debts		14,623,100		13,742,245
TOTAL		18,546,487		18,270,612
SCHEDULE - 10 : CASH AND BANK BALANCES				
Cash and Cheques on Hand		2,547,160		2,007,469
Balances with Scheduled Banks				
In Current Accounts	1,965,024		1,989,032	
In Fixed Deposit Accounts	2,817,648		1,127,011	
		4,782,672		3,116,043
TOTAL		7,329,832		5,123,512
SCHEDULE - 11 : LOANS AND ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind or for value to be received		38,997,858		45,042,450
Security Deposits		3,220,213		3,032,720
Pre-paid Expenses		843,053		1,133,876
Advance Payment & Deduction of Income-Tax at Source		4,865,681		7,433,344
TOTAL		47,926,805		56,642,390
SCHEDULE - 12 : CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors				
For Capital Goods	3,909,173		844,891	
For Operating Supplies	8,036,213		5,122,449	
For Expenses	10,592,305		11,215,769	
Retention Security Deposits for Capital Goods	2,128,379		2,128,379	
Other Liabilities	9,181,164		10,475,379	
Interest Accrued but not due	1,083,279	34,930,513	2,026,950	31,813,817
Provisions				
Provision for Income Tax	2,725,000		6,650,450	
Provision for Leave Encashment & Gratuity	435,264		517,331	
Proposed Dividend on OCPS	3,168,762		2,168,000	
Tax on Corporate Dividend	906,984	7,236,010	736,904	10,072,685
TOTAL		42,166,523		41,886,502
SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Share Issue Expenses				
As per last Balance Sheet	89,400		287,100	
Add : During the year	-		-	
	89,400		287,100	
Less : Written off during the year	89,400	-	197,700	89,400
TOTAL		-		89,400

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 14 : INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BANQUETS & OTHER SERVICES				
Rooms	148,858,372		173,030,113	
Food & Beverages	42,867,267		41,677,045	
Wine & Liquor	497,362		632,176	
Telephone & Internet	2,592,513		2,238,759	
Other Services	4,103,224		5,633,574	
TOTAL	198,918,738		223,211,667	
SCHEDULE - 15 : OTHER INCOME				
Rental	1,681,444		1,560,325	
Interest (TDS Rs.11,621/- Previous year Rs.9,839/-)	128,571		51,533	
Gain on Foreign Exchange	24,451		44,547	
Excess Provision of interest of earlier years Written Back	522,649		441,841	
Miscellaneous Income	860,848		736,425	
TOTAL	3,217,963		2,834,671	
SCHEDULE - 16 : CONSUMPTION OF PROVISIONS & STORES				
Opening Stock	631,238		732,230	
Add : Purchases	10,825,351	11,456,589	10,316,292	11,048,522
Less : Closing stock		562,930		631,238
TOTAL	10,893,659		10,417,284	
SCHEDULE - 17 : EMPLOYEES' REMUNERATION & WELFARE EXPENSES				
Salary, Wages & Bonus	25,165,287		24,487,241	
Contribution to Provident & Superannuation Fund	794,833		879,721	
Staff Welfare Expenses	4,830,761		5,778,979	
TOTAL	30,790,881		31,145,941	
SCHEDULE - 18 : UPKEEP & SERVICE COST				
Linen, Uniform Washing & Laundry Expenses	462,834		690,167	
Expenses on Apartment & Board	6,599,555		3,736,895	
Power & Fuel	20,800,965		21,399,260	
Repairs to				
Buildings	36,227,639		24,665,126	
Plant & Machineries	2,898,407		2,767,831	
Others	638,364		1,012,505	
TOTAL	67,627,764		54,271,784	



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended		Year ended	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 19 : ADMINISTRATIVE, SELLING & OTHER EXPENSES				
Audit Fees	176,480		166,180	
Rates & Taxes	1,291,922		1,444,469	
Advertisement, Publicity & Sales Promotion	4,487,794		4,851,767	
Commission	390,178		596,469	
Insurance	1,719,797		1,172,538	
Operating Fees	17,208,293		20,554,398	
Printing & Stationery	1,270,339		1,207,869	
Legal & Professional	2,042,760		2,817,462	
Passage & Travelling	2,032,882		2,457,504	
Postage, Telephone & Internet	2,358,178		1,884,307	
Music & Entertainment	1,086,707		1,480,075	
Banquet Expenses	2,796,311		1,744,949	
Directors' Sitting Fees	7,500		6,500	
Donation	49,190		97,386	
Loss on Sale of Fixed Assets	192,318		19,200	
Others	12,103,512		4,268,674	
Bad & Doubtful Debts	1,863,521		1,794,334	
TOTAL	51,077,682		46,564,081	
SCHEDULE - 20 : INTEREST & FINANCIAL CHARGES				
Interest on Term Loans	7,024,023		8,975,027	
Interest on Inter Corporate Deposit	1,920,000		1,920,000	
Interest on Working Facility	4,174,253		4,355,753	
Commission on Credit Card	2,134,333		2,620,569	
Other Interest	313,054		2,806,676	
Bank Charges	182,619		150,941	
TOTAL	15,748,282		20,828,966	

SCHEDULE - 21 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

I 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 and advances made for acquisition of capital Assets.

(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 EMPLOYEE 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 Profit and Loss Account.

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 Profit And Loss Account. Payments in foreign currencies are recorded at the rates prevailing on the date of actual remittance. Difference arising on fluctuations in exchange rates of Foreign Currency Loan has been capitalized and added to the fixed assets at the year end.

1.8 TAXATION :

Income Tax expense comprises current tax, minimum alternative tax and deferred tax expenses / credit.

(i) Current Tax and Minimum Alternative Tax (MAT)

Provision for current tax (if any) is calculated in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions.

The company has provided for MAT in accordance with the provisions of Income Tax Act, 1961.

(ii) Deferred Tax

Current Tax (if any) is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realized. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each balance sheet date to reassess realization.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance-sheet date.

1.9 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.

1.10 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 not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

II. NOTES FORMING PART OF ACCOUNTS :

1. Balances of a few sundry creditors, sundry debtors, loans & advances and other liabilities are subject to confirmations and reconciliation.
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.
3. The Company operates in a single segment i.e. running of hotels. Therefore, the disclosure requirements as per "Accounting Standard (AS)-17 Segment Reporting" are not applicable.



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 Related Party	Relationship	Amount of Transaction (Rs.)	Nature of Transaction
Mr. U. Champawat	Chairman & Managing Director	921,001/-	Managerial Remuneration

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

5. Prior Period Adjustments
- | | Current Year
2009-2010 (Rs.) | Previous Year
2008-2009 (Rs.) |
|-----------------------------------|---------------------------------|----------------------------------|
| Debits relating to earlier years | NIL | NIL |
| Credits relating to earlier years | NIL | 146,217 |
| Net (Debit) / Credit | NIL | 146,217 |
6. 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:

	Current Year 2009-10 Amount in Rs.	Previous Year 2008-09 Amount in Rs.
Earnings Per Share has been computed as under :-		
Profit after tax (PAT)	15,011,955	47,065,144
Add/(Less):Preference Dividend & Tax thereon	(3,707,294)	(2,536,452)
Add/(Less) : Prior Period Adjustments (Net)	—	146,217
Profit	11,304,661	44,674,909
Number of Equity Shares of Rs. 10/- each	16,932,200	16,932,200
Weighted Average Number of Equity Shares of Rs. 10/- each	22,580,064	23,393,064
Basic EPS	Rs. 0.50p.	Rs. 2.64p.
Diluted EPS	Rs. 0.38p.	Rs. 1.91p.

7. 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 credited to Profit & Loss Account.

	Current Year 2009-10 Amount in Rs.	Previous Year 2008-09 Amount in Rs.
8. Contingent Liability not provided for :		
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	117,755,842	188,000,000
3) In respect of disputed sales tax liability	126,385	126,385
9. Estimated amount of contracts remaining to be executed on capital account (Net of Advances) not provided for	12,005,100	20,241,995
10. Managerial Remuneration :		
Salaries	360,000	600,000
Perquisites	561,001	84,022
Total	921,001	684,022
11. Payments to Auditors :		
a. Audit Fees	176,480	166,180
b. Other Services	64,628	146,238
c. Tax Audit Fees	44,944	44,944
d. Taxation Work	156,180	156,180
e. Out of Pocket Expenses	16,028	11,244
Total	458,260	524,786

12. Capital Work- in- progress of Rs. 44,255,880/- as at 31st March 2010 represents the advances given to suppliers.

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

13. The Company has made trade investment in unlisted Equity Shares as follows.

Sr. No.	Name of the Company	No. of Shares	Cost per Share Rs.	Total Cost Rs.
1	National Hotels Limited	3,850,000	10	38,500,000
2	National Hotels Limited	500,000	40	20,000,000
	Total	4,350,000	-	58,500,000

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

14. The Company has obtained exemption from the Central Government, vide its letter No. 46/125/2009-CL-III dated 22/05/2009 issued under section 211(4) of the Companies Act, 1956 from exhibiting the quantitative details in compliance of para 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. However, the information other than above, pursuant to Paragraph 3, 4C and 4D of the Part II of the Schedule VI to the Companies Act, 1956, are as under:

- a. The required quantitative information is as under:-

Items	Opening Stock		Purchases		Sales		Closing Stock	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Liquor	210	82187	244	135224	315	192205	139	55396
Wine	752	238441	60	24480	60	52895	752	233555
Beer	1	49	6600	271261	5549	252262	1052	37317
Total	963	320677	6904	430965	5924	497362	1943	326268

Current Year	Previous Year
2009-10	2008-09
Amount in Rs.	Amount in Rs.

- b. Expenditure in Foreign Currencies

Payment in Foreign Currencies (As certified by the Management)

189,268

33,999

- c. Earnings in Foreign Currencies (As certified by the Management)

74,007,583

83,439,194

- d. Value of Imports calculated on CIF basis of Capital Goods

Nil

Nil

15. The Company has entered into Hotel Operating Agreement (HOA) with Indian Hotels 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.
16. IDBI and TFCI had on 20th March, 2004 and 2nd August, 2004 respectively sanctioned the restructuring of debt in respect of outstanding interest on the Term Loan availed by the company. The amount of Rs. 5,42,00,000 being interest outstanding was treated as OCPS by the said financial institutions.
The company has during the year repaid by way of redemption of OCPS an amount of RS. 81,30,000 to IDBI and TFCI as per the terms of restructuring of debts.
17. The Company has no information as to whether any of its suppliers constitutes Small Scale Undertakings and therefore the amount due to such suppliers has not been identified.
18. The Previous year's figures have been regrouped and rearranged wherever necessary.
19. Schedules 1 to 21 form integral part of accounts.

As per our 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 25, 2010

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

JAYESH DAVE

Director

DR. RAM PRAKASH KOTHARI

Director

Ahmedabad,
August 25, 2010



**INFORMATION PURSUANT TO PART-IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. COMPANY'S REGISTRATION DETAILS

Registration No.	15839	State Code	04
Balance Sheet Date	31.03.2010		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	395,677	Total Assets	395,677
Sources of Funds		Application of Funds	
Paid-up Capital	215,392	Net Fixed Assets	242,091
Preferential Warrants	24,135	Capital Work-in-progress	44,256
Reserves & Surplus	85,013	Investments	58,500
Secured Loans	55,136	Net Current Assets	44,139
Unsecured Loans	16,000	Deferred Tax	6,691

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover / Other Income	202,137	Total Expenditure	187,125
Profit/(Loss) Before Tax	15,012	Provision for Taxation	2,811
Profit/(Loss) After Tax	12,201	Dividend Rate (%)	NIL
Basic EPS in Rs.	0.50		

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Product Description	Item Code No. (NIC Code)
Restaurants & Hotels	690

As per our 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 25, 2010

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

JAYESH DAVE

Director

DR. RAM PRAKASH KOTHARI

Director

Ahmedabad,

August 25, 2010