

**23<sup>rd</sup>** Annual Report  
**2013-2014**



**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. VISHWAJEET SINGH CHAMPAWAT***Director***MR. JAYESH DAVE***Director***STATUTORY AUDITORS****M/s. NAIMISH N. SHAH & CO.***Chartered Accountants  
Ahmedabad***REGISTRARS AND  
SHARE TRANSFER AGENTS***M/s. Sharepro Services (India) Pvt. Ltd.**416-420, 4<sup>th</sup> Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge,  
Ahmedabad - 380006**Tele. No. : (079) 26582381-84**Fax No. : (079) 26582385**E-mail : sharepro.ahmedabad@shareproservices.com***REGISTERED OFFICE***International Airport Circle,**Ahmedabad - 382 475**Phone - (079) 22868642-43**Fax - (079) 22868641**CIN: L55100GJ1991PLC015839**Email : royalemanorhotels@rediffmail.com**Website: www.rmhil.com*

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## ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

### NOTICE

**NOTICE** is hereby given that the 23rd Annual General Meeting of the members of Royale Manor Hotels and Industries Limited will be held on Monday, the 29th day of September, 2014 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, 2014 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 consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT the vacancy caused by the retire by rotation of Dr. Praveenkumar Patel, who has not sought re-appointment, be not filled in at this meeting or any adjournment thereof."
4. To appoint Statutory Auditor and fix their remuneration.

#### **SPECIAL BUSINESS:**

5. **Appointment of Mr. Jayesh Dave as an Independent Director**

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr Jayesh Dave (DIN: 01808753), a non-executive Director of the Company, who has submitted declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from August 13, 2014 upto August 12, 2016."

6. **Appointment of Dr. Ramprakash Kothari as an Independent Director**

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Dr. Ramprakash Kothari (DIN: 00294060), a non-executive Director of the Company, who has submitted declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from August 13, 2014 upto August 12, 2019."

7. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolution approved at the Annual General Meeting held on September 30, 2005 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ` 200 crore.

**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to do or cause to be done all such acts, matters, deeds and other things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution."

8. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolution approved at the Annual General Meeting held on September 30, 2005 and pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent and approval of the Company be and is hereby accorded to the Board of Directors of the company to sale/ lease/transfer/ dispose of the properties(s) of the Company or to create mortgages/ charges on immovable and/or movable properties, both present and future, in respect of all or any one or more of the properties and /or undertakings of the company together with the power to take over the management of the business and concerns of the Company in certain events, and ranking pari passu with or subsequent subservient and subordinate to all the existing / prior mortgages and/or charges that may be created in future, in favour of the banks, financial institutions or any other lending institutions or entities and/or



debenture holders/ security holders or their trustees, in respects of holders or their trustees in respect of debentures/securities to be issued by the Company in a manner as the Board of Directors may deem fit to secure all monies borrowed by the Company from the lending agencies together with interest, additional interest and further interest, if any, remuneration of lending agencies, costs, charges, expenses and all other monies payable to the lending agencies, within the overall limit of ₹ 200 Crore (Rupees Two Hundred Crore) as may be thought expedient by the Board of Directors.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary and/ or alter the terms and conditions of the security aforesaid in consultation with the lending agencies as may be necessary.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to prepare, finalise and execute with the buyers/transferee/ lending agencies, documents/ deeds in writing and charges as aforesaid and to do such acts, deeds, matters and things as may be necessary and/or expedient for giving effect to this resolution.”

**By Order of the Board of Directors**

Place : Ahmedabad

**U. Champawat**

Date : 13<sup>th</sup> August, 2014

*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 Monday, the 22<sup>nd</sup> day of September, 2014 to Monday, the 29<sup>th</sup> day of September, 2014 (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. Members desiring any information on accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready for reply.

7. Royale Manor Hotels and Industries Limited is concerned about the environment and utilize natural resources in sustainable way. 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.

8. 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.
9. 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.
10. In case of joint holding, the joint holder whose name stands first, as per the Company's records, shall alone be entitled to vote.
11. **Voting through Electronic means:**  
Pursuant to Section 108 of the Companies Act, 2013, read with the Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014 in pursuance with the directions issued by SEBI vide Circular No. CIR/CFD/DIL/6/2012 dated 13<sup>th</sup> July, 2014, the Company is pleased to provide the facility to Members to exercise their right at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).
- The instructions for members for voting electronically are as under:-**
- In case of members receiving e-mail:**
- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

PAN*	<b>For Members holding shares in Demat Form and Physical Form</b>
	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>- In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of Royale Manor Hotels & Industries Limited on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on



approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (B) The voting period begins on 23<sup>rd</sup> September, 2014 at (9.00 a.m.) and ends on 25<sup>th</sup> September, 2014 (6.00 p.m.) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (D) The Company has appointed Rupal Pranav Patel, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

#### **ANNEXURE TO THE NOTICE**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Items No. 5 & 6**

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Jayesh Dave and Dr. Ramprakash Kothari as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (Act), which came in to effect from 1<sup>st</sup> April, 2014, every listed public company is required to have at

least one-third of the total number of directors as Independent Director, who are not liable to retire by rotation, Pursuant to clause 49 of the Listing Agreement with Stock Exchanges (to come into force w.e.f. 1<sup>st</sup> October 2014) an Independence Director cannot hold office for more than two consecutive terms of five years each and any tenure of an Independent Directors are proposed to be appointed for a period as mentioned in the respective resolutions from the conclusion of the AGM.

Mr. Jayesh Dave and Dr. Ram Prakash Kothari, Independent Director of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act, In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and they are independent of the management.

Mr. Jayesh Dave and Dr. Ram Prakash Kothari are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act and have given their consent to act as Directors.

The company has received notices in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Jayesh Dave and Mr. Ram Prakash Kothari for the office of Directors of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the members at the registered office of the company during normal business hours on any working day, excluding Saturday.

Brief resume and other details of the Independent Directors whose appointment is proposed are provided in the annexure to the Explanatory statement attached herewith.

Mr. Jayesh Dave and Dr. Ram Prakash Kothari are deemed to be interested in the resolutions set out respectively at Item No. 5 and 6 of the Notice with regard to their respective appointments.

The Board recommends the said resolutions for your approval.

Save and except the above, none of the other Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolutions.

## ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

Profile of the Directors being Appointed/Re-appointed:

<b>Name</b>	Mr. Jayesh Dave	Dr. Ram Prakash Kothari
<b>Date of birth</b>	21 <sup>st</sup> March, 1958	22/06/1964
<b>Qualification</b>	Chartered Accountant & Company Secretary	M. D. (Medicine)
<b>Expertise</b>	Practising Chartered Accountant since 1986	Medical Practice
<b>Director of the Company since</b>	29/08/2007	29/12/2008
<b>Directorship in other public limited companies</b>	NIL	NIL
<b>Membership of Committees of other public limited companies</b>	NIL	NIL
<b>No. of Shares held in the Company</b>	NIL	NIL

### Item No. 7

The members of the Company at their Annual General Meeting held on September 30, 2005 approved, by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ` 200 crores (Rupees Two Hundred Crore).

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow monies in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable the Board of Directors to borrow monies not exceeding ` 200 crore.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7

### Item No. 8

The Members of the Company at the Annual General Meeting of the Company held on September 30, 2005 had authorised the Board of Directors to create charge on all or any of the movable or immovable properties of the Company pursuant to Section 293(1)(a) of the Companies

Act 1956 subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956.

Section 180(1)(a) of the Companies Act, 2013 which has replaced Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall create charge on all or any of the movable or immovable properties of the Company, except with the consent of the Company accorded by way of a special resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the ordinary resolution earlier passed under Section 293(1)(a) of the Company Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013 i.e. upto 11<sup>th</sup> September, 2014.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of security upto limit specified in the resolution passed under Section 180(1)(c) of the Companies Act, 2013.

The Board of Directors recommends the above resolution for your approval.

None of Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

**By Order of the Board of Directors**

Place : Ahmedabad  
Date : 13<sup>th</sup> August, 2014

**U. Champawat**  
*Chairman and  
Managing Director*

### Regd Office:

International Airport Circle,  
Ahmedabad - 382 475  
Phone - (079) 22868642-43  
Fax - (079) 22868641  
CIN: L55100GJ1991PLC015839  
Email : [royalemanorhotels@rediffmail.com](mailto:royalemanorhotels@rediffmail.com)  
Website: [www.rmhil.com](http://www.rmhil.com)

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respects of electronics holding with the Depository through their concerned Depository Participants.



## DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their 23<sup>rd</sup> Annual Report on the business and operations of the Company together with its Audited Accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2014 are as under:

(` in Lacs)

Particulars	2013-2014	2012-2013
Total Income	2106.49	1950.13
Profit/(Loss) before Financial Charges, Depreciation and Income Tax	541.27	472.18
Less : Financial Charges	201.87	148.52
Less : Depreciation	137.75	149.98
<b>Profit before Income Tax and Exceptional Item</b>	<b>201.65</b>	173.68
Add/(Less) : Extra Ordinary/Exceptional Item	-	22.24
<b>Profit Before Income Tax</b>	<b>201.65</b>	195.92
Provision for Income Tax	(47.12)	(49.86)
Deferred Tax Income/(Expense)	(1.59)	0.61
<b>Profit For the Year after Income Tax</b>	<b>152.94</b>	146.67
<b>Profit Available for Appropriation</b>	<b>152.94</b>	146.67
<b>Appropriation</b>		
Reserve for Replacement of FF&E (Net)	(3.24)	18.19
Proposed dividend	(9.89)	(13.55)
Tax on dividend	(1.68)	(2.20)
Balance of Profit/(Loss) brought forward	689.34	597.91
Transfer to Capital Redemption Reserve	(57.68)	(57.68)
<b>Bal. carried to Balance Sheet</b>	<b>769.79</b>	689.34

Your directors are pleased to recommend 6% dividend on Optionally Convertible Preference Shares (OCPS) for the year ended 31<sup>st</sup> March, 2014, aggregating ` 9.89 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 2013-14 the demand picked up. Also, in the Ahmedabad city, Hotel business

became more competitive due to commissioning of new Hotels. The Average Occupancy of the hotel for 2013-14 has decreased to 66% from 67.12% and the Average Room Rates of the hotel for the year 2013-14 has been noted as ` 5,337 as compares to ` 5,557 in the previous year 2012-13.

However, during the financial year 2013-14, Company had been in a position to achieve a turnover of ` 2106.49 Lacs, in comparison to ` 1950.13 Lacs, in the previous year 2012-13. The profit before tax and profit after tax for the year under review were ` 201.65 Lacs and ` 152.94 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 Forteen 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, on International Environment body. The same certificate is renewed during the year 2013-14. It is about creating wealth for all our stakeholders, embracing diversity, minimizing resource consumption and reducing our greenhouse gas emissions. 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.

However, we recognise that we will have to be innovative and draw on our key strength in order to deliver the lasting positive outcomes that are at the core of our commitment to sustainability of the Hotel. Even our motivated staff - are also very conscious about the environment protection concept and to support environment protection concept, all staff members of "THE GATEWAY HOTEL UMMED" are strictly participating in **No Vehicle Day** by at least once in a month.



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## ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

### FIXED DEPOSITS

The Company has not accepted any fixed deposits during the financial year 2013-14 from public.

### DIRECTORS

In accordance with provisions of Section 256 of Companies Act, 1956 and Articles of Association of the company, Mr. Praveen Kumar Patel, the director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, who has not sought re-appointment, be not filled in at this meeting or any adjournment thereof.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Mr. Jayesh Dave and Mr. Ramprakash Kothari as Independent Directors of the Company. As per Section 149 of the Companies Act, 2013, which came into effect from 1<sup>st</sup> April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors.

### 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 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014 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 23<sup>rd</sup> 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 : 13<sup>th</sup> August, 2014

**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 2013-2014.

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

Particulars	Unit	2013-14	2012-13
<b>(I) POWER AND FUEL CONSUMPTION</b>			
<b>1. Electricity</b>			
(a) Purchased	Kwh	<b>1,91,82,233</b>	1,903,555
Total Amount	`	<b>1,42,66,011</b>	13,684,168
Rate/Unit	`/Kwh	<b>7.44</b>	7.19
(b) Own Generation (Units)		<b>1947</b>	1763
<b>2. Coal</b>			
Quantity	Kg.	<b>19,016</b>	17,357
Total Cost	`	<b>308,809</b>	303,741
Rate	`/Kg.	<b>16.24</b>	17.50
<b>3. High Speed Diesel/LDO</b>			
Quantity	Litres	<b>64,160</b>	86,330
Total Cost	`	<b>3,591,585</b>	4,396,069
Average Rate	`/Litres	<b>55.98</b>	50.92
4. Other Internal Generations		<b>NIL</b>	NIL
<b>(II) Consumption per unit of production:</b>		<b>NIL</b>	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	2013-14	2012-13
<b>Earnings in Foreign Currencies ( ` )</b>	<b>41,538,221</b>	52,302,506
<b>Expenditure in Foreign Currencies ( ` )</b>		
- Payment to Travel Agents	<b>793,360</b>	769,333
- Other expenditure (CSR)	<b>272,048</b>	277,786

ANNEXURE "B" TO DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**OVERALL REVIEW**

When it comes to tourism, the hotel industry is very important. In fact, it is a supporting service that affects the presence of tourists in a certain place.

This is a boom time for Hospitality Industry world wide. India as well is reaping the benefit. There has been transition in the image of the Industry from being old fashioned to modern in outlook. Tourism has now become a significant industry in India. As per the World Travel & Tourism Council, the tourism industry in India is likely to generate US \$121.4 bn of economic activity by 2015, and the hospitality sector has the potential to earn US \$24 bn in foreign exchange by 2015. The booming tourism industry has had a cascading effect on the hospitality sector with an increase in the occupancy ratios and average room rates.

Government of India increased spend on advertising campaigns (including for the campaigns 'Incredible India' to reinforce the rich variety of tourism in India. 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.

**SECTOR OUTLOOK**

In the long term, the demand-supply gap in India is very real and that there is need for more hotels in most cities. The shortage is especially true within the budget and the mid market segment. 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.

As per WTTC, Foreign Tourist Arrivals to India are forecasted to grow at a rate of 8% - 9% in the next few years and predict that India will receive 14 million tourists by 2023. While key source markets of America and Europe are expected to continue to be the largest contributors to tourism, domestic short-haul travel across Asia Pacific continues to be a growing trend, with Asia Pacific being the growth driver for outbound tourism.

As a facilitative measure to attract more foreign tourists to India, the Government launched the "Visa on Arrival" (VoA) Scheme in January 2010 for citizens of five countries, viz. Finland, Japan, Luxembourg, New Zealand and Singapore, visiting India for tourism purposes. The Government extended this Scheme to the citizens of six more countries, namely Cambodia, Indonesia, Vietnam, the Philippines, Laos and Myanmar in January 2011. During January-March 2014, a total number of 5,841 VoAs were issued as compared to 5,744 VoA during corresponding period of 2013 registering a growth of 1.7% which shows positive sign for hospitality industry.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

One of the unique features of the hospitality industry is its unique operating structure. Operating structure describes which basic functions a hotel company performs for itself or others, and which functions it pays other to perform. Most people do not differentiate the groups and often

believe they are all in the same business with the same goals. However, that is indeed not the case. In fact understanding different functions is essential to understand what functions the lodging can perform.

Hospitality Industry is extremely complex. These complexities arise because of the Fragmented nature of this Industry and the subsequent strategy of the Hospitality establishments for a bigger market share, growth and entering foreign markets. These strategies include Strategic alliances, Consortium, Franchising, Management contracts, multiple branding etc. These strategies represent the concern for the growth. Fragmentation is overcome as the industry matures and the industry tends to become more consolidated, and therefore dominated by a small number of large companies. The strategic alliances and hotel consortium in case of the Hotel Industry represents this consolidated structure. The structure of an Industry, which comprises of five competitive forces determine the profitability of industry. These five forces are existing competitors, threat of the new entrants, suppliers, buyers and substitutes. The key sectors of the Hospitality Industry are becoming more concentrated.

**SWOT ANALYSIS**

**Strengths**

- Manpower costs in the Indian hotel industry is one of the lowest in the world. This provides better margins for Indian hotel industry.
- India offers a readymade tourist destination with the resources it has. Thus the magnet to pull customers already exists and has potential grow.
- With a historical backdrop of 5,000 years, India is one big package of culture and legend that never fails to captivate the imagination of the visitor.
- A major strength for our Hotel is its preferred brands with its vast portfolio commanding leadership in their market segments. Quality service from these brands strengthen the market position of hotels giving it its competitive edge as it seeks to take advantage of increasing business and leisure travel globally.
- The Government of Gujarat strongly initiated the promotion of tourism in Gujarat with the slogan like "kabhi to aao gujrat mein".
- A world level corporate conference viz. "Vibrant Gujarat" providing impetus to hospitality industry.
- The promoters have an established track record, having created a niche for itself in hospitality industry with good brand image for last 18 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**

- The business format of the International Hospitality Industry is diverse which include direct ownership by the chains, franchising, management contracts, and consortium. The international dimension or the globalization of the hospitality Industry has added to its complexity. These complexities arise because of difference in the legislative framework from country to country, economic and financial factors and market conditions.
- The cost of land in India is high at 50% of total project cost as against 15% abroad. This acts as a major deterrent to the Indian hotel industry.
- High tax structure in the industry makes the industry worse off than its international equivalent. In India the luxury tax, Service tax and sales tax inflate the hotel bill by over 30%. Effective tax in the South East Asian countries works out to only 4-5%.
- Hospitality Industry suffers from event risks such as terrorist attack, government stability, dollar and foreign currency condition, rupee devaluation etc. the 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.

#### **Opportunities**

- Demand between the national and the inbound tourists can be easily managed due to difference in the period of holidays. For international tourists the peak season for arrival is between September to March when the climatic conditions are suitable where as the national tourist waits for school holidays, generally the summer months.
- At a time of the World Economy melt down, Global Investors envisage for safer Investments and fetch assured returns. Investors look towards India and Gujarat has been a preferred Investment Destination by way of Vibrant Gujarat Summit
- Ahmedabad is emerging as a global city with a confluence of various culture, positive political circumstances 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 appreciate for the next couple of quarters; it would make India as a destination cheaper for foreign tourists.

- The Hotel is well established and the promoters with their experience have passed through such phases without many adversities.

#### **Threats**

- Guest houses replace the hotels. This is a growing trend in the west and is now catching up in India also, thus diverting the hotel traffic.
- Changing trends in the west demand similar changes in India, which here are difficult to implement due to high project costs.
- Fluctuation in foreign tourist arrival. The total dependency on foreign tourists can be risky, as there are wide fluctuations in international tourism.

#### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The financial performance of the Company for the year 2013-14 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 31<sup>st</sup> March, 2014 comprises of Five directors including of an Executive (Chairman and Managing Director) and Four 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:

<b>Sr No.</b>	<b>Name of Director</b>	<b>Category of Director</b>
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. Vishwajeet Singh 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 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.



During the year under review, the Board met 4 (Four) times on the following dates:

Sr.No.	Name of Director	No. of Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 27.09.2013
1.	Mr. U. Champawat	4	3	Yes
2.	Dr. Praveenkumar R. Patel	4	0	No
3.	Mr. Jayesh Dave	4	4	Yes
4.	Dr. Ram Prakash Kothari	4	4	No
5.	Mr. Vishwajeet Singh Champawat	4	4	Yes

#### 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. Praveenkumar R. Patel, retire by rotation at the ensuing Annual General Meeting and being eligible, who has not sought re-appointment, be not filled in at this meeting or any adjournment thereof.

#### 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 31<sup>st</sup> March, 2014 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. Vishwajeet Singh Champawat	—	—	—

### 3. **COMMITTEES OF BOARD :**

The Company had three Board Committees. These are:-

1. Audit Committee
2. Remuneration Committee
3. Stakeholders' Relationship Committee  
(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, 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.



- 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 27, 2013 and was attended by Mr. Jayesh Dave, Chairman of the Audit Committee.

During the year under review, the 4 Audit Committee was held during Financial Year 2013-14. The dates on which the said meetings were held as follows:

30/05/2013	13/08/2013	13/11/2013	08/02/2014
------------	------------	------------	------------

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:

<b>Name</b>	<b>Remuneration ( ` )</b>
Mr. U Champawat <i>Chairman &amp; Managing Director</i>	7,50,841
<b>Total</b>	<b>7,50,841</b>

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.

<b>Sr. No.</b>	<b>Director</b>	<b>Sitting fees ( ` )</b>
1.	Dr. Praveenkumar R. Patel	-
2.	Mr. Jayesh Dave	2000
3.	Dr. Ram Prakash Kothari	2000
4.	Mr. Vishwajeet Singh Champawat	2000

**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 Stakeholders' Relationship Committee:**

(Share Transfer & Shareholders/Investor Grievance Committee)

The Board of Directors of the Company in its meeting held on 13<sup>th</sup> August, 2014 changed the nomenclature of "Share Transfer & Shareholders'/Investor Grievance Committee" to Stakeholders' Relationship Committee" and also modified its terms of reference to comply with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Stakeholders' Relationship Committee comprises as under:

<b>Sr. No.</b>	<b>Name</b>	<b>Position</b>	<b>Category</b>
1.	Mr. Vishwajeet Singh Champawat	Chairman	Non -Executive Director
2	Mr. U. Champawat	Member	Director-Executive(Promoter)
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 31<sup>st</sup> March, 2014 is given below):-

**Complaints Status: 01.04.2013 to 31.03.2014**

Number of complaints received so far	:	1
Number of complaints solved	:	1
Number of pending complaints	:	NIL

**Compliance Officer :**

Mr. Satish Chandra Sharma, 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
2010-2011	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	30 <sup>th</sup> September, 2011	3.00 P.M. (IST)
2011-2012	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	29 <sup>th</sup> September, 2012	3.00 P.M. (IST)
2012-2013	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad – 380 009	27 <sup>th</sup> September, 2013	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 Sub- Note 2.4 of Note 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](http://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 : Monday, the 29<sup>th</sup> September, 2014 at 3.00 P. M.  
Venue : Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009

**7.2 Financial Year Calendar (2014-15) (Tentative) :**

First Quarter Results : Second week of August, 2014  
Second Quarter Results : Second week of November, 2014  
Third Quarter Results : Second week of February, 2015  
Fourth Quarter Results : Second week of May, 2015

**7.3 Book Closure Date :**

Monday, the 22<sup>nd</sup> September, 2014 to Monday, the 29<sup>th</sup> September, 2014 (both days inclusive).

**7.4 Dividend :**

Dividend on Optionally Convertible Preference Shares (OCPS) is proposed and to be paid from 21<sup>st</sup> October, 2014. No dividend is proposed on Equity Shares.

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**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED****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 :

<b>Sr No.</b>	<b>Name of Stock Exchanges</b>	<b>Stock Codes</b>
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 (2013-14) financial year on the Stock Exchanges:

<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>
April - 2013	7.29	6.25
May - 2013	7.15	5.50
June - 2013	7.80	5.86
July - 2013	7.35	5.75
August - 2013	5.97	4.80
September -2013	6.99	5.89
October -2013	7.14	5.56
November - 2013	6.80	5.59
December - 2013	7.00	5.55
January - 2014	6.95	5.96
February - 2014	6.70	5.88
March - 2014	6.84	5.88

**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, 4<sup>th</sup> 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

CIN : L55100GJ1991PLC015839

Email : royalemanorhotels@gmail.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](mailto: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 31<sup>st</sup> March, 2014) :

Category	Number of Shareholders	Percentage (%)	Number of Shares	Percentage (%)
1- 500	14294	88.10	2244540	13.26
501-1000	918	5.66	794286	4.69
1001- 2000	456	2.81	732442	4.33
2001- 3000	165	1.02	419698	2.48
3001- 4000	93	0.57	330086	1.95
4001- 5000	73	0.45	345853	2.04
5001- 10000	112	0.69	824580	4.87
10001 and above	114	0.70	11240715	66.38
<b>TOTAL</b>	<b>16225</b>	<b>100.00</b>	<b>16932200</b>	<b>100.00</b>

#### 7.10 Shareholding Pattern as on March 31, 2014:

Sr.No.	Category	No. of Shares held	Percentage (%) of shareholding
1.	Promoters, Directors & their Relatives	7708790	45.53
2.	NRI/OCBs	766942	4.53
3.	Banks/Financial Institutions/Mutual Funds	100	0.00
4.	Private Corporate Bodies	938363	5.54
5.	Others	7518005	44.40
	<b>Total</b>	<b>16932200</b>	<b>100.00</b>

#### 7.11 Dematerialisation of Shares and Liquidity :

The particulars of shares in physical and demat mode, held by the share holders as on 31<sup>st</sup> March, 2014:

Particulars	No of Shares	% shareholding
<b>Physical</b>	2777851	16.41
<b>Demat</b>		
NSDL	11755008	69.42
CDSL	2399341	14.17
<b>Total</b>	<b>16932200</b>	<b>100.00</b>

#### 7.12 Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity : N.A.

#### 7.13 Hotel Location :

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

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**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

**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, 2014.

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

Place : Ahmedabad  
Date : 13<sup>th</sup> August, 2014

**U Champawat**  
Chairman and Managing Director

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**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 31<sup>st</sup> March, 2014, 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 13, 2014

**CA. Pranav N. Shah**  
Proprietor  
Membership No. 033747



## **INDEPENDENT AUDITOR'S REPORT**

**TO,  
THE MEMBERS OF  
ROYALE MANOR HOTELS AND INDUSTRIES LIMITED  
Report on the Financial Statements**

We have audited the accompanying financial statements of **ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and Cash Flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies, Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our knowledge and according to the information and explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; and
- b) In the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of Cash flow statement, of the cash flows of the Company for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) 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.
  - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies, Act 2013.
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Ahmedabad  
Date : May 28, 2014

**CA Pranav N. Shah**  
Proprietor  
M. No. 033747

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## ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

### ANNEXURE TO AUDITOR'S REPORT

The annexure referred to in our report to the members of Royale Manor Hotel and Industries Limited on the financial statements as of and for the year ended 31<sup>st</sup> March, 2014. We report that:

1. (a) The Company has 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.
2. (c) During the year substantial part of fixed assets have not been disposed off.  
(a) As explained to us, inventories have been physically verified by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventory. No material discrepancy was noticed on physical verification of stocks by the management as compared to books records.
3. (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.  
(b) The Company has not taken any loan from companies covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and payment for expenses & for the sale of goods and services. Further, there is no continuing failure to correct major weakness in internal control.
5. According to the information and explanations given to us, Company has not entered into any contract or arrangement with any party referred to in section 301 of the Companies Act, 1956 therefore paras (a) and (b) are not applicable.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public covered under section 58A, 58AA of Companies Act, 1956 and the rules made there under are not applicable.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. As per information and explanations given to us by the management, 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.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees state insurance, service tax and tax deducted at source, investor education and protection fund, income-tax, sales tax, wealth tax, custom duty and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us, there was no undisputed amount outstanding & payable in respect of statutory dues as at 31<sup>st</sup> March 2014, for a period of more than six months from the date of they become payable.  
(c) According to the information and explanation given to us by the management, there are no dues of income tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute. However according to the records of the company, an amount of ₹ 1,26,385/- towards the sales tax liability is disputed and not deposited with appropriate authority.
10. The Company does not have accumulated losses as on 31<sup>st</sup> March, 2014. Further it has not incurred cash loss during the year ended on 31<sup>st</sup> March, 2014.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore provisions of clause (xiii) of the Companies(Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. 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.
15. 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, the terms and conditions of whereof; in our opinion are not prima-facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as on 31<sup>st</sup> March,2014, in our opinion, there are no funds raised on a short-term basis which have been used for long term investment.
18. Based on the audit procedures performed and the information and explanations given by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the year and therefore the creation of securities or charge does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India for the purpose of reporting the true and fair view of the financial statements, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**CA PRANAV N. SHAH  
PROPRIETOR  
M. No. 033747**

Place : Ahmedabad  
Date : May 28, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Sr. No.	Particulars	Note No.	Amount in `	
			As at 31st March, 2014	As at 31st March, 2013
<b>I</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1</b>	<b><u>SHAREHOLDERS' FUNDS</u></b>			
	(a) Share Capital	<b>1</b>	<b>182,422,000</b>	188,022,000
	(b) Reserve and Surplus	<b>2</b>	<b>130,274,226</b>	116,305,744
	(c) Money Recd. Against Share Warrants	<b>3</b>	<b>24,135,011</b>	24,135,011
	TOTAL(1)		<b><u>336,831,237</u></b>	<u>328,462,755</u>
<b>2</b>	<b><u>NON-CURRENT LIABILITIES</u></b>			
	(a) Long Term Borrowings	<b>4</b>	<b>65,578,367</b>	68,191,514
	(b) Other Long Term Liabilities	<b>5</b>	<b>11,809,885</b>	18,135,980
	(c) Long Term Provisions	<b>6</b>	<b>1,034,626</b>	879,670
	TOTAL(2)		<b><u>78,422,878</u></b>	<u>87,207,164</u>
<b>3</b>	<b><u>CURRENT LIABILITIES</u></b>			
	(a) Short Term Borrowings	<b>7</b>	<b>21,505,666</b>	24,931,340
	(b) Trade Payables	<b>8</b>	<b>24,562,395</b>	24,477,282
	(c) Other Current Liabilities	<b>9</b>	<b>51,338,277</b>	40,829,390
	(d) Short Term Provisions	<b>10</b>	<b>3,788,257</b>	3,270,531
	TOTAL(3)		<b><u>101,194,595</u></b>	<u>93,508,543</u>
	<b>TOTAL(1+2+3)</b>		<b><u>516,448,710</u></b>	<u>509,178,462</u>
<b>II</b>	<b><u>ASSETS</u></b>			
<b>1</b>	<b><u>NON-CURRENT ASSETS</u></b>			
	(a) Fixed Assets			
	(i) Tangible Assets	<b>11</b>	<b>267,860,783</b>	278,630,789
	(ii) Capital Work-in-Progress	<b>11</b>	<b>-</b>	135,404
	(b) Non-current Investments	<b>12</b>	<b>38,500,000</b>	38,500,000
	(c) Deferred Tax Assets (Net)	<b>13</b>	<b>5,932,523</b>	6,091,672
	(d) Long Term Loans and Advances	<b>14</b>	<b>62,539,763</b>	59,527,763
	TOTAL(1)		<b><u>374,833,069</u></b>	<u>382,885,628</u>
<b>2</b>	<b><u>CURRENT ASSETS</u></b>			
	(a) Inventories	<b>15</b>	<b>17,473,449</b>	18,490,993
	(b) Trade Receivables	<b>16</b>	<b>15,014,748</b>	17,865,095
	(c) Cash and Cash Equivalents	<b>17</b>	<b>3,906,394</b>	5,716,333
	(d) Short Term Loans and Advances	<b>18</b>	<b>84,522,144</b>	67,424,948
	(e) Other Current Assets	<b>19</b>	<b>20,698,906</b>	16,795,465
	TOTAL(2)		<b><u>141,615,641</u></b>	<u>126,292,834</u>
	<b>TOTAL(1+2)</b>		<b><u>516,448,710</u></b>	<u>509,178,462</u>

**Notes to the accounts forming part of Balance Sheet****27**

As per our audit report of even date attached

**For and on behalf of the Board****For Naimish N. Shah & Co.**Chartered Accountants  
(F.R. No. : 106829W)**CA Pranav N. Shah**Proprietor  
Membership No. 033747Ahmedabad  
May 28, 2014**U. Champawat***Chairman and Managing Director***Jayesh Dave***Director***Dr. Ram prakash Kothari***Director*Ahmedabad  
May 28, 2014



**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Amount in `</b>				
<b>REVENUE FROM OPERATIONS</b>				
I	Revenue from Operations	20	203,835,535	193,298,718
II	Other Income	21	6,813,214	1,714,709
III	<b>TOTAL REVENUE(I+II)</b>		<b>210,648,749</b>	<b>195,013,427</b>
IV	<b>EXPENSES</b>			
a	Cost of Material Consumed	22	20,509,234	13,368,933
b	Employees' Benefits Expenses	23	43,270,555	39,654,142
c	Finance Costs	24	20,187,322	14,852,130
d	Depreciation and Amortization Expenses	25	13,774,991	14,997,863
e	Other Expenses	26	92,741,628	94,772,104
	<b>TOTAL EXPENSES</b>		<b>190,483,730</b>	<b>177,645,172</b>
V	<b>Profit Before Exceptional And Extraordinary Items And Tax (III-IV)</b>		<b>20,165,019</b>	17,368,255
VI	Exceptional Items		-	-
VII	<b>Profit Before Extraordinary Items And Tax (V-VI)</b>		<b>20,165,019</b>	17,368,255
VIII a	Extraordinary Items		-	-
b	Prior Period Items		-	2,223,628
IX	<b>Profit Before Tax (VII-VIII)</b>		<b>20,165,019</b>	19,591,883
X	<b>Tax Expense</b>			
a	Current Tax Expense		4,100,000	3,500,000
b	Earlier Year Tax Expense		612,349	1,485,916
c	Deferred Tax Expense / (Income)		159,149	(60,771)
XI	<b>Profit / (Loss) for the year (IX-X)</b>		<b>15,293,521</b>	<b>14,666,738</b>
XII	<b>Earning per equity share</b>			
a	Basic		<b>0.83</b>	0.77
b	Diluted		<b>0.73</b>	0.66

**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  
May 28, 2014

**For and on behalf of the Board**

**U. Champawat**  
*Chairman and Managing Director*  
**Jayesh Dave**  
*Director*  
**Dr. Ram prakash Kothari**  
*Director*

Ahmedabad  
May 28, 2014



## CASH FLOW STATEMENT

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	20,165,019	19,591,883
Adjustments For :		
Depreciation	13,774,991	14,997,863
Interest & Financial Charges	20,187,322	14,852,130
Profit on sale of Fixed Assets	(78,820)	-
Operating Profit before Working Capital Changes	54,048,512	49,441,876
Adjustments for :		
Trade Receivables	2,850,347	(4,709,035)
Loans & Advances	(24,012,637)	(42,378,227)
Inventories	1,017,544	(1,715,041)
Trade Payables & Other Liability	11,111,726	14,342,346
Cash Generated from Operations	(9,033,020)	(34,459,957)
Provision for Income Tax	(4,712,349)	(4,985,916)
Net Cash Flow from Operating Activities	40,303,143	9,996,003
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Assets	(3,513,533)	(23,139,406)
Sale of Fixed Assets	722,772	-
Net Cash Flow from Investing Activities	(2,790,761)	(23,139,406)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	(12,209,960)	35,529,821
Interest & Financial Charges	(20,187,322)	(14,852,130)
Proposed Dividend on OCPS	(988,964)	(1,355,380)
Tax on Dividend	(168,075)	(219,877)
Redemption of OCPS	(5,768,000)	(5,768,000)
Net Cash Flow from Financing Activities	(39,322,321)	13,334,434
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(1,809,939)</b>	<b>191,031</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>5,716,333</b>	<b>5,525,302</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>3,906,394</b>	<b>5,716,333</b>

For and on behalf of the Board

**U. Champawat**  
Chairman and Managing Director

**Jayesh Dave**  
Director  
Ahmedabad, May 28, 2014

**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, 2014. 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 28th May 2014 to the members of the company.

**FOR Naimish N. Shah & Co.**  
Chartered Accountants  
(F.R. No. : 106829W)

Place : Ahmedabad  
Date : May 28, 2014

**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, 2014**

		Amount in `	
Note No.	Sr. No. Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>SHARE CAPITAL</b>		
	<b>A AUTHORISED</b>		
	28,500,000 (P. Y. 28,500,000) Equity Shares of ` 10/- each	<b>285,000,000</b>	285,000,000
	650 (P.Y. 650) Optionally Convertible Preference Shares of ` 100,000/- each	<b>65,000,000</b>	65,000,000
		<b>350,000,000</b>	<b>350,000,000</b>
	<b>B ISSUED, SUBSCRIBED &amp; PAID UP</b>		
	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)	<b>169,322,000</b>	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)	<b>169,322,000</b>	<b>169,322,000</b>
	Optionally Convertible Preference Shares of ` 1,00,000/- each, fully paid up		
	At the beginning of the year, No. of Shares 187 (P.Y. 243)	<b>18,700,000</b>	24,300,000
	Addition/(Deduction) during the year, No. of Shares 56 (P.Y. 56)	<b>(5,600,000)</b>	<b>(5,600,000)</b>
	At the end of the year, No. of Shares 131 (P.Y. 187)	<b>13,100,000</b>	18,700,000
	<b>GRAND TOTAL</b>	<b>182,422,000</b>	<b>188,022,000</b>

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, 2014 @ 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	As at 31st March, 2014		As at 31st March, 2013	
		Percentage	No. of Shares	Percentage	No. of Shares
1	Shree Bala Finvest Pvt. Ltd.	12.33%	2,087,100	12.33%	2,087,100
2	Champawat Investment & Consultants Pvt. Ltd.	10.16%	1,720,400	10.16%	1,720,400
3	Pioneer Buildcon Pvt. Ltd.	8.34%	1,412,860	8.34%	1,412,860
4	Gujarat Finvest Services Pvt. Ltd.	6.29%	1,065,600	6.29%	1,065,600
5	Elcon Exports Pvt. Ltd.	5.38%	910,300	5.38%	910,300

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

Sr. No.	Name of Shareholders	As at 31st March, 2014		As at 31st March, 2013	
		Percentage	No. of OCPS	Percentage	No. of OCPS
1	Tourism Finance Corporation of India Ltd	10.69%	14	37.43%	70
2	IDBI Bank Ltd	89.31%	117	62.57%	117



**NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014**

Note No.	Sr. No.	Particulars	Amount in `	
			As at 31st March, 2014	As at 31st March, 2013
2		<b><u>RESERVES &amp; SURPLUS</u></b>		
	A	<b><u>CAPITAL REDEMPTION RESERVE</u></b>		
		At the beginning of the year	36,565,000	30,797,000
		Additions during the year	5,768,000	5,768,000
		Utilised during the year	-	-
		At the end of the year	<u>42,333,000</u>	<u>36,565,000</u>
	B	<b><u>SECURITIES PREMIUM RESERVE</u></b>		
		At the beginning of the year	8,535,000	8,703,000
		Additions during the year	-	-
		Utilised during the year	168,000	168,000
		At the end of the year	<u>8,367,000</u>	<u>8,535,000</u>
	C	<b><u>REPLACEMENT OF FF &amp; E RESERVE</u></b>		
		At the beginning of the year	2,271,390	4,091,551
		Additions during the year	3,876,244	3,790,641
		Utilised during the year	3,552,450	5,610,802
		At the end of the year	<u>2,595,184</u>	<u>2,271,390</u>
	D	<b><u>SURPLUS</u></b>		
		At the beginning of the year	68,934,354	59,790,712
		Additions during the year (Balance in Statement of Profit & Loss)	15,293,521	14,666,738
		Allocations and Appropriations		
		Dividend on OCPS	(988,964)	(1,355,380)
		Tax on Dividend	(168,075)	(219,877)
		Transfer (To) / From Reserves	(6,091,794)	(3,947,839)
		At the end of the year	<u>76,979,042</u>	<u>68,934,354</u>
		<b>GRAND TOTAL</b>	<u><b>130,274,226</b></u>	<u><b>116,305,744</b></u>
3		<b><u>MONEY RECEIVED AGAINST SHARE WARRANTS</u></b>		
		Preferential Share Warrants	24,135,011	24,135,011
			<u>24,135,011</u>	<u>24,135,011</u>
4		<b><u>LONG TERM BORROWINGS</u></b>		
	A	<b><u>SECURED TERM LOANS FROM BANKS</u></b>		
		Punjab National Bank (Footnote : 1)	21,072,330	26,887,170
			<u>21,072,330</u>	<u>26,887,170</u>
	B	<b><u>SECURED TERM LOANS FROM FINANCIAL INSTITUTION</u></b>		
		Tata Capital Financial Services Limited (Footnote : 2)	6,249,300	-
			<u>6,249,300</u>	<u>-</u>
	C	<b><u>UNSECURED LONG TERM BORROWINGS:</u></b>		
		Bank of Maharashtra (Footnote : 3)	38,256,737	41,304,344
			<u>38,256,737</u>	<u>41,304,344</u>
		<b>GRAND TOTAL</b>	<u><b>65,578,367</b></u>	<u><b>68,191,514</b></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 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 2 : Secured by way of pledge of shares, personal guarantee of director and corporate guarantee. Repayable in 36 monthly installments from July 2013 to June 2016.

Footnote 3 : Repayable in 72 monthly installments including 3 month moratorium period, from April, 2013.

**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

**NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014**

			Amount in `	
Note No.	Sr. No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>5</b>		<b><u>OTHER LONG-TERM LIABILITIES</u></b>		
		Security Deposits from Contractors	2,128,379	2,128,379
		Security Deposits from Others	6,493,000	5,493,000
		Others	3,188,506	10,514,601
			<u>11,809,885</u>	<u>18,135,980</u>
<b>6</b>		<b><u>LONG-TERM PROVISIONS</u></b>		
		Provision for Employees Benefits	1,034,626	879,670
			<u>1,034,626</u>	<u>879,670</u>
<b>7</b>		<b><u>SHORT TERM BORROWINGS</u></b>		
		<b><u>SECURED - CASH CREDIT FROM BANK</u></b>		
		Working Capital Facility - Punjab National Bank (Footnote:4)	21,505,666	24,931,340
			<u>21,505,666</u>	<u>24,931,340</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.				
<b>8</b>		<b><u>TRADE PAYABLES</u></b>		
		Trade Payables	19,818,477	19,416,314
		Advance from Parties	4,743,918	5,060,968
			<u>24,562,395</u>	<u>24,477,282</u>
<b>9</b>		<b><u>OTHER CURRENT LIABILITIES</u></b>		
		Current Year's Other Taxes Payable	1,286,098	1,682,180
		Current Maturity of Long Term Borrowings		
		- From Bank	15,190,792	15,157,182
		- From Financial Institutions	5,000,400	377,927
		Interest Accrued and due on Borrowings	1,625,465	436,713
		Interest Accrued but not due on Borrowings	646,423	2,729
		Proposed Dividends	988,964	1,355,380
		Tax on Dividends	387,952	536,288
		Provision for Income Tax	4,100,000	3,500,000
		Statutory Dues	267,004	256,865
		TDS Payable	605,340	1,118,800
		Other Current Liabilities	21,239,839	16,405,326
			<u>51,338,277</u>	<u>40,829,390</u>
<b>10</b>		<b><u>SHORT-TERM PROVISIONS</u></b>		
		Provision for Employees Benefits	2,319,189	2,649,026
		Provision for Doubtful Debts	234,798	234,798
		Others	1,234,270	386,707
			<u>3,788,257</u>	<u>3,270,531</u>



**11 : FIXED ASSETS**  
(Amount in `)

Description	Gross Block			Depreciation			Net Block	
	As at 1st April, 2013	Additions during the year	Deductions during the year	As at 31st March, 2014	Additions during the year	Deductions during the year	As at 31st March, 2014	As at 31st March, 2013
Freehold Land	36,971,314	-	-	36,971,314	-	-	36,971,314	36,971,314
Buildings	183,086,190	-	-	183,086,190	2,984,305	-	143,066,059	146,050,364
Electrical Installations	40,484,800	278,191	-	40,762,991	1,121,228	-	13,809,052	14,652,089
Plant & Machineries	196,151,016	2,596,025	-	198,747,041	8,045,468	-	67,299,033	72,748,476
Computers	10,666,012	499,521	-	11,165,533	518,588	-	2,013,382	2,032,449
Furniture & Fittings	1,918,951	5,000	-	1,923,951	97,452	-	364,916	457,368
Office Equipments	1,876,098	270,200	-	2,146,298	97,160	-	1,359,826	1,186,786
D.G. Set	320,000	-	-	320,000	15,200	-	31,159	46,359
Vehicles	11,063,329	-	2,748,710	8,314,619	895,590	2,104,758	2,650,042	4,189,584
Live Stock	296,000	-	-	296,000	-	-	296,000	296,000
<b>Total</b>	482,833,710	3,648,937	2,748,710	483,733,937	13,774,991	2,104,758	215,873,154	278,630,789
Previous Year	460,147,394	23,004,002	317,686	482,833,710	14,997,863	317,686	278,630,789	
Capital Work in Progress	135,404	(135,404)	-	-	-	-	-	135,404

**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

				Amount in `	
Note No.	Sr. No.	Particulars		As at 31st March, 2014	As at 31st March, 2013
12		<b><u>NON CURRENT INVESTMENTS</u></b>			
		<b><u>TRADE INVESTMENTS (At cost)</u></b>			
		<b>Trade &amp; Unquoted</b>	<b>Face Value</b>	<b>No. of Shares Current Year</b>	<b>No. of Shares Previous Year</b>
		Investment in Shares- National Hotels Ltd	10	3,850,000	3,850,000
				<b>38,500,000</b>	38,500,000
				<b>38,500,000</b>	<b>38,500,000</b>
13		<b><u>DEFERRED TAX ASSETS (NET)</u></b>			
		Deferred Tax Asset (Net)		<b>5,932,523</b>	6,091,672
				<b>5,932,523</b>	<b>6,091,672</b>
14		<b><u>LONG TERM LOANS AND ADVANCES</u></b>			
		(Unsecured, considered good)			
		Capital Advances		<b>59,269,900</b>	56,206,900
		Security Deposits		<b>3,269,863</b>	3,320,863
				<b>62,539,763</b>	<b>59,527,763</b>
15		<b><u>INVENTORIES</u></b>			
		(As valued & certified by the Management)			
		Provisions & Stores		<b>1,218,264</b>	1,221,421
		Cutlery, Crockery, Chinaware, Glassware & Linen		<b>3,583,457</b>	4,171,468
		Other Stores		<b>12,671,728</b>	13,098,104
				<b>17,473,449</b>	<b>18,490,993</b>
16		<b><u>TRADE RECEIVABLES</u></b>			
		(Unsecured considered good)			
		Debts outstanding for a period exceeding Six months from the date they are due		<b>630,509</b>	603,396
		Other Debts		<b>14,384,239</b>	17,261,699
				<b>15,014,748</b>	<b>17,865,095</b>
17		<b><u>CASH &amp; CASH EQUIVALENTS</u></b>			
	<b>A</b>	<b><u>BALANCE WITH BANKS</u></b>			
		In Fixed Deposits		<b>320,653</b>	299,132
		In Fixed Deposits (Maturing beyond 12 months)		<b>1,768,165</b>	13,933
		In Current Accounts		<b>1,517,693</b>	4,738,259
	<b>B</b>	<b><u>CASH ON HAND</u></b>			
		Cash on Hand		<b>299,883</b>	665,009
				<b>3,906,394</b>	<b>5,716,333</b>
18		<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>			
		(Unsecured, considered good)			
		Advance to Suppliers		<b>566,452</b>	1,723,890
		Advance to Staff		<b>397,200</b>	300,593
		Advance recoverable in cash or in kind		<b>56,814,402</b>	45,826,553
		Advance payment and deduction of Income Tax at source		<b>478,281</b>	3,845,718
		Others		<b>26,265,809</b>	15,728,194
				<b>84,522,144</b>	<b>67,424,948</b>
19		<b><u>OTHER CURRENT ASSETS</u></b>			
		Prepaid Expenses		<b>1,244,103</b>	1,052,206
		Others		<b>19,454,803</b>	15,743,259
				<b>20,698,906</b>	<b>16,795,465</b>



**NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR  
THE YEAR ENDED 31ST MARCH, 2014**

Note No.	Sr. No.	Particulars	Amount in `	
			For the year ended 31st March, 2014	For the year ended 31st March, 2013
20		<b><u>REVENUE FROM OPERATIONS</u></b>		
		Rooms	119,149,291	127,558,856
		Food & Beverages	69,523,007	56,398,698
		Wine & Liquor	6,417,742	-
		Telephone & Internet	3,207,107	3,140,459
		Other Services	5,538,388	6,200,705
			<u>203,835,535</u>	<u>193,298,718</u>
21		<b><u>OTHER INCOME</u></b>		
		Other Non Operating Income	6,813,214	1,714,709
			<u>6,813,214</u>	<u>1,714,709</u>
22		<b><u>COST OF MATERIALS CONSUMED</u></b>		
		Opening Balance of Stock	1,221,421	958,668
		Add : Purchases of Raw Material	20,506,077	13,631,686
			<u>21,727,498</u>	<u>14,590,354</u>
		Less : Closing Balance of Stock	1,218,264	1,221,421
			<u>20,509,234</u>	<u>13,368,933</u>
23		<b><u>EMPLOYEES' BENEFITS EXPENSES</u></b>		
		Salary & Wages	32,953,292	30,611,683
		Contribution to Provident Fund and Other Funds	2,435,202	1,871,832
		Other Staff Related Expenses	7,882,061	7,170,627
			<u>43,270,555</u>	<u>39,654,142</u>
24		<b><u>FINANCIAL COSTS</u></b>		
	A	<u>Interest Expenses</u>		
		Interest to Bank	16,024,783	8,574,998
		Interest to Financial Institutions	1,469,430	1,085,693
		Interest on Inter Corporate Deposit	-	1,549,861
		Interest on TDS & Other Taxes	1,362	166,736
	B	Other Borrowing Costs	699,652	496,301
	C	Commission on Credit Card Settlement	1,992,095	2,978,541
			<u>20,187,322</u>	<u>14,852,130</u>
25		<b><u>DEPRECIATION AND AMORTZATION EXPENSE</u></b>		
		Depreciation	13,774,991	14,997,863
			<u>13,774,991</u>	<u>14,997,863</u>



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Note No.	Sr. No.	Particulars	Amount in `	
			For the year ended 31st March, 2014	For the year ended 31st March, 2013
26		<b><u>OTHER EXPENSES</u></b>		
	<b>A</b>	<b><u>OPERATING EXPENSES</u></b>		
		Banquet Expenses	5,322,270	3,557,150
		Power & Fuel	21,523,599	21,396,141
		Repair & Maintenance - Building	3,913,197	13,448,129
		Repair & Maintenance - Machinery	4,417,754	3,479,086
		Repair & Maintenance - Others	2,638,959	2,584,619
		Upkeep & Service Cost	6,491,380	6,147,810
			<u>44,307,159</u>	<u>50,612,935</u>
	<b>B</b>	<b><u>ADMINISTRATIVE EXPENSES</u></b>		
		Rates & Taxes	2,406,499	2,331,816
		Insurance Expenses	1,069,274	1,125,690
		Legal & Professional Expenses	3,284,138	4,106,406
		Operating Fess	14,260,584	12,949,064
		Payment to Auditors	577,630	479,395
		Postage & Courier Expenses	224,564	224,412
		Printing & Stationary	1,046,111	1,093,492
		Rent	577,000	554,000
		Bad & Doubtful Debt	-	1,091,613
		Travelling & Conveyance	3,325,408	3,153,708
		Directors' Remuneration & Perquisites	750,841	639,836
		Directors' Sitting Fees	6,000	11,500
		Donation	383,721	111,190
		General Expenses	9,691,982	5,548,302
		Telephone Expenses	2,928,025	2,453,588
			<u>40,531,777</u>	<u>35,874,012</u>
	<b>C</b>	<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
		Advertisement Expenses	1,551,703	467,939
		Sales Commission & Incentives	2,179,605	1,726,859
		Sales Promotion Expenses	4,171,384	6,090,359
			<u>7,902,692</u>	<u>8,285,157</u>
		<b>GRAND TOTAL (A+B+C)</b>	<u><u>92,741,628</u></u>	<u><u>94,772,104</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.
- (iii) 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.



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**1.2 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.

**1.3 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.

**1.4 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.

**1.5 INVESTMENTS:**

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

**1.6 INVENTORIES:**

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

**1.7 REVENUE RECOGNITION:**

Revenue from sale of Rooms, Food & Beverages and other allied services is recognized when the services are rendered and the same becomes chargeable. Revenue from Banquet, Business Centre, Laundry, Shop Rent & Telephone are included under Other services.

**1.8 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 & Loss.

**1.9 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.

**1.10 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.

**1.11 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.

**1.12 EARNING PER SHARE (EPS):**

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is

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**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

computed by dividing the profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares viz. OCPS (Optionally Convertible Preference Shares) and Share Warrants.

**1.13 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 confirmation 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.
- 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 :-

<b>Name of the Related Party</b>	<b>Relationship</b>	<b>Amount of Transaction Amount in `</b>	<b>Nature of Transaction</b>
Mr U. Champawat	Chairman & Managing Director	750,841/-	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:

<b>Particulars</b>	<b>Current Year 2013-14 Amount in `</b>	<b>Previous Year 2012-13 Amount in `</b>
Earnings Per Share has been computed as under:-		
Profit After Tax (PAT)	<b>15,293,521</b>	14,666,738
Add/(Less): Preference Dividend & Tax thereon.	<b>(1,157,039)</b>	(1,575,257)
Profit	<b>14,136,482</b>	13,091,481
Number of Equity Shares of ` 10/- each	<b>16,932,200</b>	16,932,200
Weighted Average Number of Equity Shares of ` 10/- each	<b>19,283,064</b>	19,843,064
Basic EPS	<b>0.83</b>	0.77
Diluted EPS	<b>0.73</b>	0.66
<b>2.6 Contingent Liabilities :</b>		
In respect. of guarantee given to HUDCO on behalf of National Hotels Ltd towards security for term loan	<b>55,406,784</b>	72,572,509
<b>2.7</b> Estimated amount of contracts remaining to be executed on capital account (Net of Advances) not provided for:	<b>2,255,100</b>	2,255,100



Particulars	Current Year	Previous Year
	2013-14	2012-13
	Amount in `	Amount in `
<b>2.8 Payment to Auditors :</b>		
a) Audit Fees	179,776	179,776
b) Other Services	137,445	112,360
c) Tax Audit Fees	140,450	112,360
d) Taxation Work	140,450	112,360
e) Out of Pocket Expenses	10,299	27,943
Total	<u>608,420</u>	<u>544,799</u>

2.9 Capital Work- in- progress is ` NIL (P.Y. ` 135,404/-) as at 31st March 2014.

2.10 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.

2.11 Expenditure & Earnings in Foreign Currency

a. Expenditure in Foreign Currencies :

- Payments in Foreign Currencies  
(As certified by the Management) **1,065,407** **1,047,119**

b. Earnings in Foreign Currencies  
(As certified by the Management) **41,538,221** **52,302,506**

c. Value of Imports calculated on CIF  
Basis of Capital Goods **NIL** **NIL**

2.12 The Company has entered into The Hotel Operating Agreement (HOA) with 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.

2.13 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.

2.14 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.

2.15 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

May 28, 2014

**For and on behalf of the Board**

**U. Champawat**

Chairman and Managing Director

**Jayesh Dave**

Director

**Dr. Ram prakash Kothari**

Director

Ahmedabad

May 28, 2014



**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

Regd. Office : International Airport Circle, Ahmedabad-382 475. (India)  
Phone No.: (079) 22868642-3 Fax – (079)-22868641 CIN: L55100GJ1991PLC015839  
Email: royalemanorhotels@rediffmail.com Website : www.rmhil.com

**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 23<sup>rd</sup> **ANNUAL GENERAL MEETING** of the Company held at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 on Monday, the 29<sup>th</sup> Day of September, 2014 at 3.00 P.M.

\_\_\_\_\_  
Member's / Proxy Signature

\* Applicable to the members holding shares in electronic form.

**NOTES :**

1. Members/Proxy holders are requested to bring their copy of the Notice with them at the Meeting.
2. 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.



**ROYALE MANOR HOTELS AND INDUSTRIES LIMITED**

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Email: royalemanorhotels@rediffmail.com Website : www.rmhil.com

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):	
Registered address:	
E-mail id:	
Folio No./ Client Id:	
DP ID:	

I/we, being the member (s) of .....shares of the above named company, hereby appoint

1. Name.....Address :.....  
E-mail Id :.....Signature :....., or failing him
2. Name.....Address :.....  
E-mail Id :.....Signature :....., or failing him
3. Name.....Address :.....  
E-mail Id :.....Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual general meeting of the company, to be held on the 29<sup>th</sup> day of September, 2014 At 03.00 p.m. at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Audited Balance sheet and P&L A/c with Directors and Auditors' report for Financial year 31<sup>st</sup> March, 2014.
2. To declare dividend on optionally convertible preference shares (OCPs) .
3. Re-appointment of Mr. Praveenkumar Patel, who retires by rotation and being eligible, who has not sought for re-appointment.
4. Re-appointment of Auditors of the Company.
5. Appointment of Mr. Jayesh Dave as an Independent Director.
6. Appointment of Dr. Ramprakash Kothari as an Independent Director.
7. Increase in Borrowing Limits of the Company under Section 180(1)(c) of the Companies Act, 2013 (Special Resolution)
8. Authorised to Board of Directors for creations / modifications of charge / mortgage on immovable or movable properties or undertaking of the Company under section 180(1)(a) (Special Resolution).

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**(PRINTED MATTER)**

To,

*If undelivered, please return to :*



M/s. Sharepro Services (India) Pvt. Ltd.  
Unit : Royale Manor Hotels and Industries Limited  
416-420, 4<sup>th</sup> Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380006

Pratiksha, Phone : 98252 62512