

18th Annual Report
2008-2009



ROYALE MANOR
Hotels and Industries Limited

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

BOARD OF DIRECTORS

MR. U. CHAMPAWAT
Chairman and Managing Director

MR. B. M. GUPTA
Nominee Director - TFCI

DR. PRAVEENKUMAR R. PATEL
Director

DR. RAM PRAKASH KOTHARI
Director

MR. VISHWAJEETSINGH CHAMPAWAT
Director

MR. JAYESH DAVE
Director

STATUTORY AUDITORS

M/s. NAIMISH N. SHAH & CO.
Chartered Accountants
Ahmedabad

COMPANY SECRETARY

Ms. PUJA KAUSHIK

**REGISTRARS AND
SHARE TRANSFER AGENTS**

M/s. Pinnacle Shares Registry Pvt. Ltd.
Near Asoka Mills, Naroda Road
Ahmedabad - 380 025
Phone : (079) 22204226, 22200338, 22200582
Fax : (079) 22202963
Email : investor.service@psrpl.com

REGISTERED OFFICE

International Airport Circle
Ahmedabad - 382 475
Phone - (079) 22868641
Fax - (079) 22868641
Email : royalemanorhotels@rediffmail.com

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of Royale Manor Hotels and Industries Limited will be held on Wednesday, the 30th day of September, 2009 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, 2009 and the Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare Dividend on Optionally Convertible Preference Shares (OCPS)
3. To appoint Director in place of Dr. Praveenkumar R. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Jayesh Dave, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration.

By Order of the Board of Directors

Place : Ahmedabad
Date : 28th August, 2009

U. Champawat
Chairman and Managing Director

NOTES :

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

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

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 23rd day of September, 2009 to Wednesday, the 30th day of September, 2009 (both days inclusive).
3. The Company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd., as its Registrars and Share Transfer Agents for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents, transfers, demat request, change of address intimation and other communication in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly quoting Folio No., full name and name of the Company as Royale Manor Hotels and Industries Ltd.
4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Members are requested to bring their copies of the Annual Report to the Meeting.

ANNEXURE TO THE NOTICE

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

PROFILE OF DIRECTORS BEING APPOINTED / RE-APPOINTED**Item Nos. 3 & 4**

Name	Dr. Praveen Kumar Patel	Mr. Jayesh Dave
Date of birth	16/02/1960	21/03/1958
Qualification	MBBS	CA AND CS
Expertise	20YEARS	25YEARS
Director of the Company since	29/03/1998	29/08/2007
Directorship in other public limited companies	NIL	NIL
Membership of Committees of other public limited companies	NIL	NIL
No. of Shares held in the Company	NIL	NIL



DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their 18th Annual Report on the business and operations of the Company together with its Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2009 are as under:

(Rupees in Lacs)		
	2008-2009	2007-2008
Total Income	2260.46	2279.83
Profit/(Loss) before Financial Charges Depreciation and Income Tax	834.49	1148.86
Less : Financial Charges	208.29	215.03
Less : Depreciation	102.05	130.71
Profit Before Income Tax	524.15	803.12
Less : Provision for Income Tax	66.73	97.44
Add : Deferred Tax Assets	13.23	24.09
Profit For the Year after Income Tax	470.65	729.77
Add/(Less) : Prior Period Adjustments (Net)	1.46	NIL
Profit Available for Appropriation	472.11	729.77
Appropriation		
Add/(Less) : Reserve for Replacement of FF&E (Net)	(12.68)	NIL
Add/(Less) : Proposed dividend	(21.68)	(21.68)
Add/(Less) : Tax on dividend	(3.68)	(3.68)
Add : Deferred Tax Assets of earlier years	—	30.45
Add : Balance of Profit/(Loss) brought forward	224.89	(509.97)
Balance carried to Balance Sheet	658.96	224.89

Your directors are pleased to recommend 4% of dividend on Optionally Convertible Preference Shares (OCPS) for the year ended 31st March, 2009, aggregating Rs. 21.68 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

Due to cancellation of many flights and change in timings and global slowdown has reduced the business travelers into the Hotels. Various Travel Advisories have further prevented foreign travelers.

The Mumbai terrorist attack on 26th November 2008 and of late outbreak of Swine Flu has also affected the travel plan of tourists.

The Average occupancy of the hotel is declines from 86% to 74% but ARR has increased from Rs. 5608 to Rs. 6881 in the previous year.

During the year under review despite lower occupancy and ARR, your company had been in a position to achieve a turnover of Rs.2260.46 Lacs, against Rs. 2279.83 Lacs, in the previous year, on account of higher ARR. Your director are hopeful that with recovery in the economy, there would be a marked improvement in the performance of the company. The Company after providing for interest of Rs. 208.29 Lacs and depreciation of Rs. 102.05 Lacs, your company has made a profit of Rs. 524.15 Lacs (previous year Rs. 803.12 lacs)

The hotel unit of the Company "The Gateway Hotel, Ummed Ahmedabad" is managed by Indian Hotels Company Limited (Taj Group) for over nine years. The hotel is an established leader in the Business segment at Ahmedabad, where reputed Indians and Multinational Companies shall be establishing their business; this will boost up business traffic to the advantage of our hotel. Besides, the elevation of Ahmedabad Airport to International Airport was also enhance sizeable hotel business. The Company's Five Star Hotel at Ahmedabad earlier branded as "Taj Residency Ummed Ahmedabad" has now been as "The Gateway Hotel, Ummed Ahmedabad" as part of launch of a new brand by Indian Hotels Company Limited, the service and facility to the customers would continue to maintain same standards with further improvement and better satisfaction.

FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the financial year 2008-09 from public.

DIRECTORS

In accordance with provisions of the Section 256 of Companies Act, 1956 and the Articles of Association, Dr. Praveen Kumar Patel and Mr. Jayesh Dave, the directors of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and there are no material departures.
- (ii) that the directors have selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the current financial year and of the profit of the Company for the year under review.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting

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records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) that the directors had prepared the annual accounts for the financial year ended 31st March, 2009 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 18th Annual General Meeting of the Company and being eligible offer themselves for re-appointment. You are requested to consider their re-appointment.

DE-LISTING

The Board of Directors of the Company at its meeting held on 28th August 2009 has decided to de-list its equity shares from Ahmedabad Stock Exchange Limited in terms of fresh SEBI (Delisting of Equity shares) Regulation, 2009. The Company continue to be listed on BSEL, nationwide stock Exchange. The Board of Director shall comply with the relevant provision of the said regulations and would make an application accordingly.

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

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

CORPORATE GOVERNANCE

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

STATEMENT OF EMPLOYEES' PARTICULARS

None of the employees of the Company drew remuneration of Rs. 24,00,000/- or more per annum/Rs. 2,00,000/- or more per month during the year. Hence, no information is required to be furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

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

By Order of the Board of Directors

Place : Ahmedabad

U. Champawat

Date : 28th August, 2009 *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 2008-2009.

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

Particulars	Unit	2008-2009	2007-2008
(I) POWER AND FUEL CONSUMPTION			
1. Electricity			
(a) Purchased	Kwh	25,36,666	2,660,740
Total Amount	Rs.	140,82,128	12,664,839
Rate/Unit	Rs./Kwh	5.55	4.76
(b) Own			
Generation (Units)		4,278	4700
2. Coal			
Quantity	Kg.	14,040	14,003
Total Cost	Rs.	1,47,662	138,397
Rate	Rs./Kg.	10.52	9.88
3. High Speed Diesel/LDO			
Quantity	Litres	1,12,370	116,657
Total Cost	Rs.	49,39,228	3,588,199
Average Rate	Rs./Litres	43.96	30.76
4. Other Internal Generations			
		NIL	NIL
(II) Consumption per unit of production:			
		NA	NA

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 :

	2008-09	2007-08
Earnings in Foreign Currencies (Rs.)	83,439,194	67,746,593
Expenditure in Foreign Currencies (Rs.) :	-	-
Payment to		
Travel Agents (Rs.)	33,999	32,465
Travelling Expenses (Rs.)	-	-
Value of Imports calculated on CIF basis of Capital Goods	-	-
Other expenditure (Raw Material)	-	95,969



ANNEXURE "B" TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW

Taj Hotels Resorts and Palaces, India's largest hospitality group embarked on a new journey in September 2008. It launched a unique brand THE GATEWAY HOTEL. The Gateway Hotel is a pan India network of full service upscale hotels and resorts that offer travel nomads a crisp, contemporary and warm experience. Gateway adds a new dimension to the entire travel business by targeting the wide gap between luxury and budget of travelers. It opens up the market by meeting an unfulfilled need among contemporary travelers and setting standards of excellence that have been established by the Taj brand of hotels.

"THE GATEWAY HOTEL UMMED" offers warm hospitable service with distinct charm. The conveniently located "THE GATEWAY HOTEL UMMED" is only a few minutes away from Ahmedaba J's International and Domestic Airports, and 15 minute drive from the Central Business District and State Capital, Gandhinagar. The Restaurants offer services from casual, all-day eateries to formal, fine dining. Guests can look forward to a wide selection of delectable dishes and refreshing drinks.

The Guest Rooms at the "THE GATEWAY HOTEL UMMED" offer contemporary style and spacious comfort. The accommodations are rich in elegant details and well equipped with thoughtful amenities, with new colours and youthful appeal.

INDIAN HOTEL SECTOR- AN OUTLOOK

The gloom in tourism is thickening with India registering a further drop in foreign tourist arrivals. Admitting that foreign tourists were reluctant to travel to India. There is cause for concern for the ministry and the industry. According to latest data, there has been a 17.6% drop in FTAs in January 2009 compared to the same period last year. This is down from 12.5% decrease that was registered in December 2008 compared to December 2007. The global economic crisis and travel advisories issued in the wake of the Mumbai terror attacks have dealt a death blow to the country's tourist season that stretches from October to February. Foreign tourist arrivals were 4.87 lakh in January 2009 and 5.91 lakh during January 2008 and 5.22 lakh in December 2008. The decline in FTAs may be mainly due to ongoing global financial meltdown.

The Tourism Ministry has been working on aggressive campaign, familiarization tours, and market development assistance to tour operators besides announcing this as the "Visit India" year. According to recent estimates of the World Travel & Tourism Council (as of early 2005), Indian tourism demand will grow at 8.8% over the next ten years, which would place the country as the second most rapidly growing tourism market in the world. With the Indian hotel industry capturing the attention of the world, let us understand its strengths, weaknesses, opportunities and threats.

OPPORTUNITIES, THREATS, RISK AND CONCERN

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. Along with endless natural splendors like the mighty Himalayas, the vast Indo Gangetic Plains, lush tropical jungles and a long coastline. A visit to the country is a changing spectacle of religions, customs, festivals, sights and sounds. Indian hotel industry is currently facing a mismatch between the demand and supply of rooms leading to higher room rates and occupancy levels. With 95,000 odd rooms in the country, the size of the hotel industry represents an abysmal figure for India's size and growth prospects. Though new capacities are expected to come in the next five years demand will outpace supply in the short to medium term. The 'Incredible India' campaign, The focus on infrastructure, modernisation of airports, open sky policy, development of new tourist destinations and circuits, more fund allocation towards tourism are some of the initiatives taken by the government to promote tourism. India is currently spending a miniscule amount compared with its needs, on infrastructure. However, over the past 2-3 years, the government has realized the importance of infrastructure and has focused on improving it. The Indian hotel industry stands to gain from this proactive ness shown by the government.

There is a marked shift from spending on traditional categories like food and grocery, clothing and jewelry, to lifestyle categories such as leisure, and aspirational products and services. The opening up of the aviation industry in India brings exciting opportunities for the hotel industry (airlines transport around 80% of international tourists). Increased airline activity has stimulated demand and has helped to improve

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India's troubled infrastructure. Increased competition among airline companies will further lead to the development of new and improved services. Also the open skies policy has benefited both international and domestic travel. We believe that, over the next three to five years, the biggest surge in accommodation demand is expected to come from commercial zones that are being developed in metro suburbs and secondary markets. Mixed-use development projects that include retail and commercial space have also gained momentum in the last 24 months and will continue to be an attractive option. This provides a unique opportunity for hospitality projects. Also the new concept, which is going to gain importance is that of budget hotels. Dependency on foreign tourism can be a double-edged sword as travel decisions are based on global patterns and events that happen elsewhere can have serious impact the performance. Events like 9/11, SARS outbreak and Afghanistan, Iraq wars and Mumbai terror attacks have severely impacted the tourism industry in the past and the threat remains. Global hospitality majors like the Four Seasons, Shangri-La and Aman Resorts are all making their entry into the Indian market. They are not the only ones who are turning their attention to India. The Hilton Group is deciding on a comeback. Two other groups - the Carlson Group and the Marriott chain are furiously hunting for new hotels in India's top cities. This will increase the competition for the existing Indian hotel majors. It is reported that some of the leading hospitality majors are now planning to expand their operations in emerging market of Ahmedabad. Their hotels would be in operation by year 2009-10. However, The "Taj brand has a strong image and reputation which shall withstand with any kind of challenge.

CONCLUSION

The outlook for the hospitality market in India is optimistic and will continue to remain so, in our opinion. The economy's buoyancy, initiatives to improve infrastructure, growth in the aviation and real estate sectors and easing of restrictions on foreign investment will fuel demand for hotels across star categories in the majority of markets. India's hotel industry is increasingly being viewed as investment-worthy, both within the country and outside, and several international chains are keen to establish or enhance their presence here. We anticipate that, over the next three to five years, India will emerge as one of the world's fastest growing tourism markets and will be hard to ignore.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company for the year 2008-09 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 is safety and social values is under constant focus of the management. The management and the Employees are dedicated to achieve the corporate objective and the targets set before the Company.

CAUTIONARY STATEMENT

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



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

A. Mandatory Requirements

1. Company's philosophy on code of Corporate Governance

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

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

2. BOARD OF DIRECTORS :

2.1 Composition of the Board

The Board of Directors as at 31st March, 2009 comprises of Six directors including of an Executive (Chairman and Managing Director) and Four Non-Executive Directors and One director appointed by Financial Institution (TFCI). Mr. U. Champawat is the Chairman and Managing Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields :

Sr No.	Name of Director	Category of Director
1.	Mr. U. Champawat	Director - Executive (Promoter)
2.	Dr. Praveenkumar R. Patel	Non-Executive Director (Independent)
3.	Mr. Jayesh Dave	Non-Executive Director (Independent)
4.	Mr. B. M. Gupta	Nominee Director (TFCI)
5.	Dr. Ramprakash Kothari	Non-Executive Director (Independent)
6.	Mr. Vishwajeetsingh Champawat	Non-Executive Director (Promoter)

2.2 Responsibilities of the Board

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

2.3 Meeting and Attendance Record of Directors

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

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

19/05/2008	30/08/2008	27/12/2008	23/03/2009
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Sr.No.	Name of Director	No. of Meeting held	No. of Meetings Attended	Attendance at the last AGM held on 30.09.2008
1.	Mr. U. Champawat	4	3	Yes
2.	Dr. Praveenkumar R. Patel	4	4	No
3.	Mr. B M Gupta (TFCI Nominee)	4	0	No
4.	Mr. Jayesh Dave	4	4	Yes
5.	Dr. Ramprakash Kothari	4	4	Yes
6.	Mr. Vishwajeetsingh Champawat	4	1	N.A.

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.

Dr. Praveen Kumar Patel and Mr. Jayesh Dave, retire by rotation at the ensuing Annual General Meeting and offers themselves for re-appointment.

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

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the companies in which he is a director. The necessary disclosure regarding Directorship and Committee position have been made by the Directors who are on the Board of the Company as on 31st March, 2009 and the same is reproduced herein below :

Sr.No.	Name	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 companies
1.	Mr. U. Champawat	—	—	—
2.	Dr. Praveenkumar R. Patel	—	—	—
3.	Mr. B M Gupta (TFCI Nominee)	—	—	—
4.	Mr. Jayesh Dave	—	—	—
5.	Dr. Ramprakash Kothari	—	—	—
6.	Mr. Vishwajeetsingh Champawat	—	—	—

3. COMMITTEES OF BOARD :

The Company had four Board Committees. These are

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

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



3.1 Audit Committee :

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of three members viz. Mr. Jayesh Dave, Dr. Praveenkumar R. Patel and Mr. U Champawat, who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting. Mr. Jayesh Dave, a Qualified Chartered Accountant and Company Secretary, is the Chairman of the committee.

The Audit Committee of the Board of Directors of the Company, Inter-aila, 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 Committees include the following :

- A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries abased on exercise of judgment by management.
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit.
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- D. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- E. 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.
- F. Discussion with internal auditors any significant findings and follow up there on.
- G. 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.
- H. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct post audit discussions to ascertain any area of concern.
- I. Reviewing the company's financial and risk management policies.
- J. 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.

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

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

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

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

During the year under review, the 4 Audit Committee were held during Financial Year 2008-09. The dates on which the said meetings were held as follows :

30/04/2008	30/08/2008	27/10/2008	31/01/2009
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The necessary quorum was present at the meetings.

3.2 Remuneration Committee :

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

Name	Remuneration (Rs.)
Mr. U Champawat <i>Chairman & Managing Director</i>	6,84,022
Total	6,84,022

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

Non-Executive Director :

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

Sr. No.	Director	Sitting fees (Rs)
1.	Dr. Praveenkumar R. Patel	2000
2.	Mr. B M Gupta (TFCI Nominee)	NIL
3.	Mr. Jayesh Dave	2000
4.	Dr. Ramprakash Kothari	2000
5.	Mr. Vishwajeetsingh Champawat	500

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.



Two meeting of Remuneration Committee were held on 19th May 2008 and 30th August 2008 during the Financial Year 2008-09.

3.3 Sub-Committee (Quarterly Results Review Committee)

The Sub-Committee (Quarterly Results Review Committee) comprises as under :

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

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

30/04/2008	31/07/2008	27/10/2008	31/01/2009
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3.4 Share Transfer & Shareholders'/Investor Grievance Committee :

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

Sr. No.	Name	Position	Category
1.	Mr. U. Champawat	Chairman	Director-Executive (Promoter)
2	Dr. Praveenkumar R Patel	Member	Non-Executive Director
3	Dr. Ramprakash 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 redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2009) is given below :

Complaints Status : 01.04.2008 to 31.03.2009

Number of complaints received so far	:	6
Number of complaints solved	:	6
Number of pending complaints	:	NIL

Compliance Officer :

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

4. GENERAL BODY MEETINGS :

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

Year	Venue	Date	Time
2005-2006	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009	28th September, 2006	3.30 P. M. (IST)
2006-2007	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009	28th September, 2007	4.30 P. M. (IST)
2007-2008	Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009	30th September, 2008	3.00 P. M. (IST)

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

- (b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in previous Three (3) Annual General Meeting for the year:

2007

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

2006

Special Resolution with regards to (1) Issue and allotment of 45,00,000 warrants to Select Non-Promoters Investor on preferential basis in Extra Ordinary General Meeting held on 29th April, 2006 (2) Issue and allotment of 8,00,000 warrants to Promoters and Associates on preferential basis.

5. DISCLOSURES :

There were no significant or material related party transaction that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have been provided in Note 4 of Schedule 21 of Notes to Accounts.

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

6. MEANS OF COMMUNICATION :

The Quarterly Unaudited Financial Results are published in Local English and Vernacular language newspapers. The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient.

The Management Discussions and Analysis Report forms part of the Directors Report and is given separately.

7. GENERAL SHAREHOLDERS' INFORMATION :

7.1. Annual General Meeting :

Day, date and time	:	Wednesday, the 30 th September, 2009 at 3.00 P. M.
Venue	:	Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380 009.

7.2. Financial Year Calendar : (2009-2010) (Tentative)

First Quarter Results	:	Last week of July, 2009
Second Quarter Results	:	Last Week of October, 2009
Third Quarter Results	:	Last Week of January, 2010
Fourth Quarter Results	:	Last Week of April, 2010

7.3. Book Closure Date : Wednesday, the 23rd September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).

7.4. Dividend : Dividend on Optionally Convertible Preference Shares (OCPS) is proposed and to be paid from 24th October, 2009. No dividend is proposed on Equity Shares.

7.5. Listing on Equity Shares on Stock Exchanges at:

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



respective stock codes are as under :

Sr No.	Name of Stock Exchanges	Stock Codes
1.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	BSE - 526640
2.	Ahmedabad Stock Exchange Limited Khamdhenu Complex, Opp. Sahajanad College, Panjarapole, Ahmedabad - 380 015.	ASE - 50213
3.	Madras Stock Exchange Limited "Exchange Building", No. 11, Second line beach, Chennai - 600 001.	MSE - N. A.
4.	The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata - 700 001.	CSE - N.A.

7.6. Market Price Data :

High and low during each month in the (2008-09) financial year on the Stock Exchanges :

Month	High (Rs.)	Low (Rs.)
April - 2008	23.40	16.75
May - 2008	26.35	20.65
June - 2008	27.25	18.00
July - 2008	21.00	17.10
August - 2008	22.95	17.60
September - 2008	19.50	13.00
October - 2008	15.60	7.31
November - 2008	11.47	6.65
December - 2008	8.89	6.61
January - 2009	12.50	7.10
February - 2009	10.00	8.01
March - 2009	9.90	7.52

7.7. Registrar and Transfer Agent and Address for Correspondance :

Registrar and Transfer Agent of the Company are :

- a) Pinriacle Shares Registry Private Limited
Near Asoka Mills, Naroda Road,
Ahmedabad - 380 025
Tel : 91 - 079 - 22204226, 22200582, 22200338
Fax : 91 - 079 - 22202963
Email : investor.service@psrpl.com
- b) Registered Office of the Company :
International Airport Circle, Ahmedabad - 382 475.
Tel : 91 - 079 - 22868641 / 42 / 43
Fax : 91 - 079 - 22868641
Email : royalemanorhotels@rediffmail.com

7.8. Share Transfer System :

The Registrar and Share Transfer Agent deal with Share transfer both in physical and Demat mode. The Demat share 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

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

Committee of Directors of the Company. Transfer of physical shares is made within the time stipulated by the Stock Exchanges and in terms of Clause 47 of the Listing Agreement.

7.9. Distribution of Shareholding (as on 31st March, 2009) :

Category	Number of Shareholders	Percentage %	Number of Shares	Percentage %
1- 500	15904	87.96	2560938	15.12
501-1000	1127	6.23	977766	5.77
1001- 2000	482	2.67	774897	4.58
2001- 3000	180	1.00	465746	2.75
3001- 4000	91	0.50	325040	1.92
4001- 5000	86	0.48	411148	2.43
5001- 10000	118	0.65	867980	5.13
10001 and above	92	0.51	10548685	62.30
TOTAL	18080	100.00	16932200	100.00

7.10 Share Holding Pattern as on 31st March, 2009:

Sr.No.	Category	No of Shares held	Percentage (%) of shareholding
1.	Promoters Directors & their Relatives	7708790	45.53
2.	NRI/OCBs	920062	5.43
3.	Banks/Financial Institutions/Mutual Funds	100	0.00
4.	Private Corporate Bodies	1045620	6.18
5.	Others	7257628	42.86
	Total	16932200	100.00

7.11. Dematerialisation of Shares and Liquidity :

The particulars of shares in physical and demat held by the share holders as on 31st March, 2009:

Particulars	No of Shares	Percentage (%) of shareholding
Physical	6963851	41.13
Demat		
NSDL	8154037	48.16
CDSL	1814312	10.71
Total	16932200	100

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

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

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

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

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

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

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

7.13. Hotel Location : The Gateway Hotel Ummed, Ahmedabad, International Airport Circle, Ahmedabad-382 475. Gujarat (INDIA)



DECLARATION

I, U. Champawat, Chairman and Managing Director of M/s. Royale Manor Hotels and Industries Limited, hereby declare that all the members of the Board of Directors and the Senior Management have affirmed compliance with the Code of Conduct, for the year ended March 31, 2009.

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

Place : Ahmedabad
Date : 28th August, 2009

U Champawat
Chairman and Managing Director

CERTIFICATE

To,
The Members of
Royale Manor Hotels & Industries Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Royale Manor Hotels and Industries Limited, for the year ended on 31st March, 2009, 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

Place : Ahmedabad
Date : 28th August, 2009

CA. Pranav N. Shah
Proprietor
Membership No. 033747

AUDITOR'S REPORT

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

- (1) We have audited the attached Balance sheet of **Royale Manor Hotels and Industries Limited** as at **31st March 2009** and the Profit & Loss Account and also the Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to above, we report that:
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account of the company;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v) On the basis of the written representations received from the Directors; as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is prima facie disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

**FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS**

Place : Ahmedabad
Date : August 28, 2009

CA. Pranav N. Shah
Proprietor
Membership No. 033747



ANNEXURE TO THE AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ROYALE MANOR HOTELS AND INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED ON 31st MARCH 2009.

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

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

State Insurance, Income-Tax, Value Added Tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and any other statutory dues applicable to the Company.

- (b) According to the information and explanation given to us, there was no undisputed amount outstanding & payable in respect of statutory dues for a period exceeding six months.
- (c) According to the information and explanations given to us, there are no disputed dues which are not deposited for Value Added Tax / Income Tax, Wealth Tax / Custom Duty / Excise Duty or Cess.
- (x) The Company does not have accumulated losses as on 31st March, 2009. Further it has not incurred cash loss during the period ended on 31st March, 2009.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore provisions of clause (xiii) of the order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. The shares and securities held by the company as investments are in its own name.
- (xv) According to the information and explanations given to us, the Company has given a corporate guarantee in favour of Housing and Urban Development Corporation Limited (HUDCO) as a security for loans obtained by National Hotels Limited, in which the company is a share holder.
- (xvi) The company has not obtained term loans during the year.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short-term basis which have been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The company has not issued any debentures and therefore the creation of securities or charge does not arise.
- (xx) The company has not raised any money by way of public issued during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS**

Place : Ahmedabad
Date : August 28, 2009

CA. Pranav N. Shah
Proprietor
Membership No. 033747

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	223,522,000		223,522,000	
Preferential Warrants	2	24,135,011		24,135,011	
Reserves and Surplus	3	<u>76,763,561</u>	<u>324,420,572</u>	<u>32,088,652</u>	279,745,663
Loan Funds					
Secured Loans	4	68,768,375		87,800,940	
Unsecured Loans	5	<u>16,000,000</u>	<u>84,768,375</u>	<u>16,021,000</u>	103,821,940
TOTAL			<u>409,188,947</u>		<u>383,567,603</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	358,922,798		353,230,669	
Less : Depreciation		<u>157,811,957</u>		<u>148,259,829</u>	
Net Block			201,110,841		204,970,840
Capital Work in Progress			147,770,873		98,240,005
Investments	7		38,500,000		38,500,000
Current Assets, Loans & Advances					
Inventories	8	9,427,498		9,316,186	
Sundry Debtors	9	18,270,612		17,716,990	
Cash & Bank Balances	10	5,123,512		4,129,565	
Loans & Advances	11	<u>24,006,390</u>		<u>43,291,997</u>	
		56,828,012		74,454,738	
Less : Current Liabilities & Provisions	12	<u>41,886,502</u>		<u>38,338,554</u>	
Net Current Assets			14,941,510		36,116,184
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		89,400		287,100
Deferred Tax			6,776,323		5,453,474
TOTAL			<u>409,188,947</u>		<u>383,567,603</u>
Significant Accounting Policies and Notes forming part of Accounts	21				

As per our report of even date attached

For **NAIMISH N. SHAH & CO.**
Chartered Accountants**CA. Pranav N. Shah**
Proprietor
Membership No. 033747Ahmedabad
August 28, 2009

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director
DR. PRAVEENKUMAR R. PATEL
Director**JAYESH DAVE**
Director
Ahmedabad,
August 28, 2009

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended 31st March, 2009 Rupees	Year ended 31st March, 2008 Rupees
INCOME			
Guest Accommodation, Restaurants, Banquets & Other Services	14	223,211,667	223,283,744
Other Income	15	2,834,671	4,699,259
TOTAL		226,046,338	227,983,003
EXPENDITURE			
Consumption of Provisions & Stores	16	10,417,284	10,293,370
Employees' Remuneration & Welfare Expenses	17	31,145,941	27,314,229
Upkeep & Service Cost	18	54,271,784	28,145,721
Administrative, Selling & Other Expenses	19	46,564,081	47,146,093
Interest & Financial Charges	20	20,828,966	21,502,732
Miscellaneous Expenditure Written Off		197,700	197,700
TOTAL		163,425,756	134,599,845
Profit/(Loss) Before Depreciation and Tax		62,620,582	93,383,158
Depreciation		10,204,815	13,070,530
Profit Before Tax		52,415,767	80,312,628
Add/(Less) : Provision for Income Tax		(6,137,588)	(9,099,421)
Add/(Less) : Provision for Fringe Benefit Tax		(512,862)	(359,730)
Add/(Less) : Short Provision for FBT		(23,022)	(284,647)
Add/(Less) : Deferred Tax Assets		1,322,849	2,408,866
Profit For The Year After Tax		47,065,144	72,977,696
Add/(Less) : Prior Period Adjustments (Net)		146,217	-
Profit Available for Appropriation		47,211,361	72,977,696
Appropriation			
Add/(Less) : Transfer to Reserve for Replacement of FF & E		(4,499,732)	(3,433,824)
Add/(Less) : Transfer from Reserve for Replacement of FF & E		3,232,488	3,433,824
Add/(Less) : Proposed Dividend on Optionally Convertible Preference Shares		(2,168,000)	(2,168,000)
Add/(Less) : Tax on Dividend		(368,452)	(368,452)
Add/(Less) : Deferred Tax of Earlier Years		-	3,044,608
Add/(Less) : Balance of Profit/(Loss) brought forward		22,488,652	(50,997,200)
Balance carried to the Balance Sheet		65,896,317	22,488,652
Basic EPS Rs.		2.64	4.16
Diluted EPS Rs.		1.91	3.94
Significant Accounting Policies and Notes forming part of Account	21		

As per our report of even date attached

For NAIMISH N. SHAH & CO.
Chartered Accountants

CA. Pranav N. Shah
Proprietor
Membership No. 033747

Ahmedabad
August 28, 2009

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director
DR. PRAVEENKUMAR R. PATEL
Director

JAYESH DAVE
Director

Ahmedabad,
August 28, 2009



CASH FLOW STATEMENT

	Year ended 31st March, 2009 Rupees	Year ended 31st March, 2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	52,415,767	80,312,628
Adjustments For :		
Depreciation	10,204,815	13,070,530
Interest & Financial Charges	20,828,966	21,502,732
Miscellaneous Expenditure Written off	197,700	197,700
Operating Profit before Working Capital Changes	83,647,248	115,083,590
Adjustments for :		
Sundry Debtors	(553,622)	(3,953,776)
Loans & Advances	19,285,607	(5,184,225)
Inventories	(111,312)	(2,308,014)
Trade Payables	3,547,948	(1,371,607)
Cash Generated from Operations	22,168,622	(12,817,622)
Provision for Income Tax	(6,137,588)	(9,099,421)
Provision for Fringe Benefit Tax	(512,862)	(359,730)
Short Provision for Fringe Benefit Tax	(23,022)	(284,647)
Proposed Dividend on OCPS	(2,168,000)	(2,168,000)
Tax on Dividend	(368,452)	(368,452)
Prior Period Adjustments	146,217	-
Net Cash Flow from Operating Activities	96,752,163	89,985,718
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	(6,344,816)	(3,400,322)
Capital Work in progress	(49,530,868)	(24,649,098)
Net Cash Flow from Investing Activities	(55,875,684)	(28,049,420)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	(19,053,565)	(53,661,785)
Proceeds from Preferential Equity Warrants		3,330,000
Interest & Financial Charges	(20,828,966)	(21,502,732)
Net Cash Flow from Financing Activities	(39,882,532)	(71,834,517)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	993,947	(9,898,219)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	4,129,565	14,027,784
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	5,123,512	4,129,565

For and on behalf of the Board

U. CHAMPAWAT

Chairman and Managing Director

DR. PRAVEENKUMAR R. PATEL

Director

JAYESH DAVE

Director

Ahmedabad, August 28, 2009

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Royale Manor Hotels and Industries Limited for the year ended 31st March, 2009. The Statement has been prepared by the company in accordance with the requirements of clause 32 of listing agreement with stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of 28th August, 2009 to the members of the company.

FOR NAIMISH N. SHAH & CO.
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : August 28, 2009

CA. Pranav N. Shah
Proprietor
Membership No. 033747

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2009		As at 31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 1 : SHARE CAPITAL				
Authorised				
28,500,000 (28,500,000) Equity Shares of Rs. 10/- each		285,000,000		285,000,000
650 (650) Optionally Convertible Preference Shares of Rs 100,000/- each		65,000,000		65,000,000
TOTAL		350,000,000		350,000,000
Issued , Subscribed and Paid up				
16,932,200 (16,932,200) Equity Shares of Rs. 10/- each fully paid up		169,322,000		169,322,000
542 (542) Optionally Convertible Preference Shares of Rs. 100,000/- each fully paid up		54,200,000		54,200,000
TOTAL		223,522,000		223,522,000
Note : Of the above 542 OCPS of Rs. 1,00,000/- each are allotted as fully paid up for consideration otherwise than in cash to the Term lending FIs, pursuant to restructuring of debts. The OCPS are cumulative and redeemable in twenty quarterly installments commencing from 1st July 2009.				
SCHEDULE - 2: PREFERENTIAL WARRANTS				
i) 428,473 (428,473) Preferential Warrants of Rs. 24/- each (Fully paid up Rs. 24 per warrant)		10,283,352		10,283,352
ii) 4,071,527 (4,071,527) Preferential Warrants of Rs. 24/- each (Partly paid up Rs. 2.40 per warrant)		9,771,659		9,771,659
iii) 800,000 (800,000) Preferential Warrants of Rs. 30.50 each (Partly paid up Rs. 3.05 per warrant)		2,440,000		2,440,000
iv) 800,000 (800,000) Preferential Warrants of Rs. 20.50 each (Partly paid up Rs. 2.05 per warrant)		1,640,000		1,640,000
TOTAL		24,135,011		24,135,011
SCHEDULE - 3 : RESERVES & SURPLUS				
Share Premium		9,600,000		9,600,000
Reserve for Replacement of FF & E				
Opening Balance				
Add : Transfer from Profit & Loss Account	4,499,732		3,433,824	
	4,499,732		3,433,824	
Less : Utilised during the year	3,232,488		3,433,824	
		1,267,244		
Profit & Loss Account				
Opening Balance	22,488,652		(50,997,200)	
Add : Earlier Years Deferred Tax Assets	-		3,044,608	
Add : Profit for the current year	43,407,665		70,441,244	
	65,896,317		22,488,652	
TOTAL		76,763,561		32,088,652



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2009		As at 31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 4 : SECURED LOANS				
Term Loans				
Industrial Development Bank of India Ltd. (Refer Note 1 & 2)		22,554,498		28,212,599
Tourism Finance Corporation of India Ltd. (Refer Note 1 & 2)		38,600,000		47,800,000
Interest Accrued & Due		1,032,487		
Working Capital Facility (Refer Note 3)				
Punjab National Bank		6,581,390		11,788,341
TOTAL		68,768,375		87,800,940

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

Note 2: Inclusive of Foreign Currency (US \$) Loan equivalent to Rs. 2,162,567/- (Previous year Rs. 5,120,668/-)

Note 3: Secured by hypothecation of Stock of Raw Materials, Consumable Stocks & such other movables and book debts of the company, personal guarantee of a director and further secured by second charge on block assets of the company.

SCHEDULE - 5 : UNSECURED LOANS

Public Deposits	-	21,000
Inter Corporate Deposits	16,000,000	16,000,000
TOTAL	16,000,000	16,021,000

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE - 6 : FIXED ASSETS

Description	Gross Block				Depreciation				Net Block		
	As at 1st April, 2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As at 31st March, 2009 Rupees	As at 1st April, 2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees	
Freehold Land	36,971,314	-	-	36,971,314	-	-	-	-	36,971,314	36,971,314	
Buildings	123,656,462	373,318 *	-	124,029,780	24,793,859	2,015,616	-	26,809,475	97,220,305	98,862,603	
Electrical Installations	23,633,832	72,291 *	-	23,706,123	20,439,383	962,419	-	21,401,802	2,304,321	3,194,449	
Plant & Machineries	149,597,711	1,561,812*	130,800	151,028,723	93,418,086	5,661,949	74,200	99,005,835	52,022,888	56,179,625	
Computers	9,167,941	457,943	586,570	9,039,314	6,051,696	592,654	578,487	6,065,863	2,973,451	3,116,245	
Furniture & Fittings	1,673,810	88,557	-	1,762,367	988,087	111,267	-	1,099,354	663,013	685,723	
Office Equipments	1,449,358	153,490	-	1,602,848	373,108	76,468	-	449,576	1,153,272	1,076,250	
D.G. Set	320,000	-	-	320,000	197,641	15,200	-	212,841	107,159	122,359	
Vehicles	6,500,241	3,702,088	-	10,202,329	1,997,969	769,242	-	2,767,211	7,435,118	4,502,272	
Live Stock	260,000	-	-	260,000	-	-	-	-	260,000	260,000	
Total	353,230,669	6,409,499	717,370	358,922,798	148,259,829	10,204,815	652,687	157,811,957	201,110,841	204,970,840	
Previous Year	350,600,377	4,643,925	2,013,633	353,230,669	135,959,329	13,070,530	770,030	148,259,829	204,970,840		

* Includes on account of net increase in rupee liability consequent to fluctuations in exchange rate of outstanding foreign currency loan in US\$ as at 31st March, 2009, as under:

Buildings	Rs. 373,318
Electrical Installations	Rs. 72,291
Plant & Machineries	Rs. 457,586



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 7 : INVESTMENT				
Investment in Equity Shares (Unquoted-fully paid up)				
3,850,000 (3,850,000) Shares of				
Rs. 10/- each of National Hotels Ltd.	38,500,000		38,500,000	
TOTAL	38,500,000		38,500,000	
SCHEDULE - 8 : INVENTORIES (AT COST)				
(As Valued and Certified by the Management)				
Provisions & Stores	631,238		732,230	
Cutlery, Crockery, Chinaware, Glassware & Linen	3,705,983		3,763,429	
Other Stores	5,090,277		4,820,527	
TOTAL	9,427,498		9,316,186	
SCHEDULE - 9 : SUNDRY DEBTORS				
(Unsecured, Considered good)				
Debts Outstanding for a period				
exceeding six months (Considered good)	4,528,367		1,340,375	
Other Debts	13,742,245		16,376,615	
TOTAL	18,270,612		17,716,990	
SCHEDULE - 10 : CASH AND BANK BALANCES				
Cash and Cheques on Hand	2,007,469		1,918,307	
Balances with Scheduled Banks				
In Current Accounts	1,989,032		2,001,848	
In Fixed Deposit Accounts	1,127,011		209,410	
TOTAL	3,116,043		2,211,258	
SCHEDULE - 11 : LOANS AND ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind or for				
value to be received	12,406,450		29,003,042	
Security Deposits	3,032,720		1,149,020	
Pre-paid Expenses	1,133,876		1,184,736	
Advance Payment & Deduction of Income-Tax at Source	7,433,344		11,955,199	
TOTAL	24,006,390		43,291,997	
SCHEDULE - 12 : CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors				
For Capital Goods	844,891		844,308	
For Operating Supplies	5,122,449		4,084,030	
For Expenses	13,175,769		8,652,265	
Retention Security Deposits for Capital Goods	2,128,379		2,128,379	
Other Liabilities	8,515,379		8,566,577	
Interest Accrued but not due	2,026,950	31,813,817	1,476,214	25,751,773
Provisions				
Provision for Income Tax	6,650,450		9,459,151	
Provision for Leave Encashment & Gratuity	517,331		287,116	
Proposed Dividend on OCPS	2,168,000		2,168,000	
Tax on Corporate Dividend	736,904	10,072,685	672,514	12,586,781
TOTAL	41,886,502		38,338,554	
SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Share Issue Expenses				
As per last Balance Sheet	287,100		484,800	
Add : During the year	287,100		484,800	
Less : Written off during the year	197,700	89,400	197,700	287,100
TOTAL	89,400		287,100	

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended		Year ended	
	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 14 : INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BANQUETS & OTHER SERVICES				
Rooms		173,030,113		166,142,162
Food & Beverages		41,677,045		48,848,224
Wine & Liquor		632,176		682,995
Telephone & Telex		711,057		1,854,823
Other Services		7,161,276		5,755,540
TOTAL		223,211,667		223,283,744
SCHEDULE - 15 : OTHER INCOME				
Rental		1,560,325		1,051,114
Interest (TDS Rs.9839/- Previous year Rs.4750/-)		51,533		842,478
Gain on Foreign Exchange		44,547		13,794
Excess Provision of interest of earlier years Written Back		441,841		1,360,849
Miscellaneous Income		736,425		1,431,024
TOTAL		2,834,671		4,699,259
SCHEDULE - 16 : CONSUMPTION OF PROVISIONS & STORES				
Opening Stock	732,230		813,115	
Add : Purchases	10,316,292	11,048,522	10,212,485	11,025,600
Less : Closing stock		631,238		732,230
TOTAL		10,417,284		10,293,370
SCHEDULE - 17 : EMPLOYEES' REMUNERATION & WELFARE EXPENSES				
Salary, Wages & Bonus		24,487,241		20,809,998
Contribution to Provident & Superannuation Fund		879,721		825,336
Staff Welfare Expenses		5,778,979		5,678,895
TOTAL		31,145,941		27,314,229
SCHEDULE - 18 : UPKEEP & SERVICE COST				
Linen, Uniform Washing & Laundry Expenses		690,167		972,673
Expenses on Apartment & Board		3,736,895		4,179,137
Power & Fuel		21,399,260		18,348,872
Repairs to				
Buildings	24,65,126		1,126,676	
Plant & Machinerics	2,767,831		2,763,148	
Others	1,012,505		755,125	
TOTAL		28,445,462		4,644,949
TOTAL		54,271,784		28,145,721



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 19 : ADMINISTRATIVE, SELLING & OTHER EXPENSES				
Audit Fees		166,180		179,776
Rates & Taxes		1,444,469		1,132,279
Advertisement, Publicity & Sales Promotion		4,851,767		4,911,352
Commission		596,469		339,077
Insurance		1,172,538		1,633,118
Operating Fees		20,554,398		20,943,093
Printing & Stationery		1,207,869		1,726,965
Legal & Professional		2,817,462		2,647,546
Passage & Travelling		2,457,504		1,885,886
Postage, Telephone & Telex		1,884,307		1,462,210
Music & Entertainment		1,480,075		1,433,951
Banquet Expenses		1,744,949		1,588,948
Directors' Sitting Fees		6,500		6,500
Donation		97,386		118,918
Loss on Sale of Fixed Assets		19,200		56,846
Others		4,268,674		7,079,628
Bad & Doubtful Debts		1,794,334		-
TOTAL		46,564,081		47,146,093
SCHEDULE - 20 : INTEREST & FINANCIAL CHARGES				
Interest on Term Loans		8,975,027		12,613,393
Interest on Inter Corporate Deposit		1,920,000		1,920,000
Interest on Working Facility		4,355,753		4,245,740
Commission on Credit Card		2,620,569		2,219,388
Other Interest		2,806,676		312,275
Bank Charges		150,941		191,936
TOTAL		20,828,966		21,502,732

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

I. SIGNIFICANT ACCOUNTING POLICIES :-

1.1 BASIS OF ACCOUNTING :

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

1.2 FIXED ASSETS AND DEPRECIATION :

(i) FIXED ASSETS :

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

(ii) DEPRECIATION :

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

(iii) BORROWING COSTS:

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

1.3 INVESTMENTS:

Investments are long term and are stated at Cost.

1.4 INVENTORIES :

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

1.5 REVENUE RECOGNITION:

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

1.6 EMPLOYEE BENEFITS :

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

1.7 FOREIGN CURRENCY TRANSACTIONS :

Earnings in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Gain/Loss arising out of fluctuations in exchange rates are accounted for on settlement and the same is charged to the Profit And Loss Account. Payments in foreign currencies are recorded at the rates prevailing on the date of actual remittance. Difference arising on fluctuations in exchange rates of Foreign Currency Loan has been capitalized and added to the fixed assets at the year end.

1.8 TAXATION :

Income Tax expense comprises current tax expense, fringe benefit tax and deferred tax expense/credit.

(i) Current Tax and Fringe Benefit Tax*

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

The Company provides for and discloses the FBT in accordance with the provisions of Section 115WC of the Income Tax Act, 1961 and the guidance note on FBT issued by Institute of Chartered Accountants of India.

Assets and liabilities representing current tax and fringe benefit tax are disclosed on a net basis when there is a legally enforceable right to set off and where the management intends to settle the asset and liability on a net basis.

(ii) Deferred Tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

1.9 EARNING PER SHARE (EPS) :

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

1.10 CONTINGENCIES AND PROVISIONS :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



II. NOTES FORMING PART OF ACCOUNTS :

- Balances of a few sundry creditors, sundry debtors, loans & advances and other liabilities are subject to confirmations and reconciliation.
- 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.
- The Company operates in a single segment i.e. running of hotels. Therefore, the disclosure requirements as per Accounting Standard (AS)-17 Segment Reporting" are not applicable.
- As per Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :-

Name of Related Party	Relationship	Amount of Transaction	Nature of Transaction
Mr. U. Champawat	Chairman & Managing Director	Rs. 6,84,022	Managerial Remuneration

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

- Prior Period Adjustments

	2008-2009 (Rs)	2007-2008 (Rs)
Debits relating to earlier years	NIL	NIL
Credits relating to earlier years	146,217	NIL
Net (Debit) / Credit	146,217	NIL
- Earnings per share (EPS) required to be disclosed as per Accounting Standard (AS) 20 issued by the Institute of Chartered Accountants India is as follows:

	Current Year 2008-09 Amount in Rs.	Previous Year 2007-08 Amount in Rs.
Earnings Per Share has been computed as under :-		
Profit after tax (PAT)	47,065,144	72,977,696
Add/(Less):Preference Dividend & Tax thereon	(2,536,452)	(2,536,452)
Add/(Less) : Prior Period Adjustments (Net)	146,217	NIL
Profit	44,674,909	70,441,244
No. of Equity Shares of Rs 10 each	1,69,32,200	1,69,32,200
Weighted Average No. of Equity Shares of Rs. 10 each	23,393,064	1,78,72,771
Basic EPS	2.64	4.16
Diluted EPS	1.91	3.94
7. The Company has provided for Deferred Tax pursuant to Accounting Standard-22 being "Accounting for taxes on Income" issued by the ICAI. According to the said Standard the Deferred Tax for current year is credited to Profit & Loss Account.		
8. Contingent Liability not provided for :		
1) In respect of guarantees given by Scheduled Bank on behalf of the Company.	NIL	NIL
2) In respect of guarantee given to HUDCO on behalf of National Hotels Ltd towards security for term loan	188,000,000	188,000,000
3) In respect of disputed sales tax liability	126,385	NIL
4) In respect of disputed income tax liability	NIL	NIL
9. Estimated amount of contracts remaining to be executed on capital account (Net of Advances) not provided for	20,241,995	63,954,975
10. Managerial Remuneration :		
Salaries	600,000	720,000
Perquisites	84,022	86,818
Total	684,022	7,96,818
11. Payments to Auditors :		
a. Audit Fees	166,180	179,776
b. Other Services	146,238	30,506
c. Tax Audit Fees	44,944	NIL
d. Taxation Work	156,180	NIL
e. Out of Pocket Expenses	11,244	5,454
Total	524,786	215,736

ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

12. Capital Work-in-progress of Rs. 147,770,873/- as at 31st March 2009 represents the capital expenditure incurred for Civil Work Rs. 37,702,759/-, Electrical fittings Rs. 12,750,659/-, Interiors Rs. 538,430/- and advances given to suppliers Rs. 96,779,025/-
13. The Company has made an investment of Rs. 38,500,000/- in 3,850,000 Equity Shares of Rs. 10/- each of National Hotels Ltd. These shares are pledged by the Company with Housing & Urban Development Corporation Ltd. (HUDCO) as a security for the term loans obtained by the National Hotels Ltd.
14. The Company has obtained exemption from the Central Government, vide its letter No. 46/125/2008-CL-III dated 22/05/2009 issued under section 211(4) of the Companies Act, 1956 from exhibiting the quantitative details in compliance of para 3(i) (a) and 3(ii)(d) of part II of Schedule VI to the Companies Act, 1956, in respect of purchase, consumption, turnover, stock etc. However, the information other than above, pursuant to Paragraph 3, 4C and 4D of the Part II of the Schedule VI to the Companies Act, 1956, are as under:

a. The required quantitative information is as under :-

Items	Opening Stock		Purchases		Sales		Closing Stock	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
Liquor	332	135475	317	155338	439	243963	210	82187
Wine	760	243112	54	18093	62	47807	752	238441
Beer	1899	77300	5760	272803	7658	340406	1	49
Total	2991	455887	6131	446234	8159	632176	963	320677

Current Year	Previous Year
2008-09	2007-08
Amount in Rs.	Amount in Rs.

- | | | |
|--------------------------------------------------------------|-------------------|------------|
| b. Expenditure in Foreign Currencies | | |
| Payment in Foreign Currencies | 33,999 | 154,292 |
| (As certified by the Management) | | |
| c. Earnings in Foreign Currencies | 83,439,194 | 67,746,593 |
| (As certified by the Management) | | |
| d. Value of Imports calculated on CIF basis of Capital Goods | Nil | Nil |

15. The Company has entered into Hotel Operating Agreement (HOA) with Indian 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.
16. The Company has no information as to whether any of its suppliers constitutes Small Scale Undertakings and therefore the amount due to such suppliers has not been identified.
17. The Previous year's figures have been regrouped and rearranged wherever necessary.
18. Schedules 1 to 21 form integral part of accounts.

As per our report of even date attached

For NAIMISH N. SHAH & CO.
Chartered Accountants

CA. Pranav N. Shah
Proprietor
Membership No. 033747

Ahmedabad
August 28, 2009

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director
DR. PRAVEENKUMAR R. PATEL
Director

JAYESH DAVE
Director
Ahmedabad,
August 28, 2009



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

I. COMPANY'S REGISTRATION DETAILS

Registration No.	15839	State Code	04
Balance Sheet Date	31.03.2009		

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

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

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

Total Liabilities	409,189	Total Assets	409,189
Sources of Funds		Application of Funds	
Paid-up Capital	223,522	Net Fixed Assets	201,111
Preferential Warrants	24,135	Capital Work-in-progress	147,771
Reserves & Surplus	76,764	Investments	38,500
Secured Loans	68,768	Net Current Assets	14,942
Unsecured Loans	16,000	Misc. Expenditure	89
		Deferred Tax	6,776

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

Turnover / Other Income	226,046	Total Expenditure	173,631
Profit/(Loss) Before Tax	52,416	Provision for Taxation	5,351
Profit/(Loss) After Tax	47,065	Dividend Rate (%)	NIL
Basic EPS in Rs.	2.64		

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

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

As per our report of even date attached

For NAIMISH N. SHAH & CO.
Chartered Accountants

CA. Pranav N. Shah
Proprietor
Membership No. 033747

Ahmedabad
August 28, 2009

For and on behalf of the Board

U. CHAMPAWAT
Chairman and Managing Director
DR. PRAVEENKUMAR R. PATEL
Director

JAYESH DAVE
Director

Ahmedabad,
August 28, 2009



ROYALE MANOR HOTELS AND INDUSTRIES LIMITED

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

Phone : (079) 22868641 Fax : (079) 22868641

ATTENDANCE SLIP

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

Please write below

DP Id*	
Client Id*	

Registered Folio No	
No of Shares held	

Full Name of the Member _____

Full Name of the Proxy _____

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

I hereby record my presence at the **18th ANNUAL GENERAL MEETING** of the Company held at Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad - 380 009 on Wednesday, the 30th Day of September, 2009 at 3.00 p.m.

Member's / Proxy Signature

* Applicable to the members holding shares in electronic form.

NOTES :

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

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



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PROXY FORM

DP Id*	
Client Id*	

Registered Folio No	
No of Shares held	

I/We _____ of _____

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

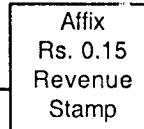
_____ of _____ or failing him Shri/Smt.

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

my/us behalf at the 18th Annual General Meeting of the Company to be held on Wednesday, the 30th Day of September, 2009 at 3.00 p.m. or at any adjournment thereof.

Signed by the said _____ day of _____ 2009.

Signature : _____



Applicable to the members holding shares in electronic form.

NOTE :

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

BOOK-POST
(PRINTED MATTER)

To,

If undelivered, please return to :



ROYALE MANOR
Hotels and Industries Limited

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