

## DIRECTORS' REPORT

To  
The Members,  
Royale Manor Hotels and Industries Limited

Your directors have pleasure in presenting their 28<sup>th</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, 2019. The Management Discussion and Analysis is also included in this Report.

### 1. FINANCIAL RESULTS:

The highlights of the financial results of the Company for the financial year ended March 31, 2019 are as under:

(Amount ` in Lacs)

Particulars	2018-2019	2017-2018
Total Income	2393.03	2231.81
Profit/(Loss) Before Financial Charges, Depreciation and Income Tax	619.55	555.48
Less : Financial Charges	100.60	139.48
Less : Depreciation	106.27	104.19
<b>Profit before Income Tax and Exceptional Items</b>	<b>412.68</b>	<b>311.81</b>
Add/(Less) : Exceptional Items/ Prior Period Items	-	-
<b>Profit Before Income Tax</b>	<b>412.68</b>	<b>311.81</b>
Provision for Income Tax	88.36	63.60
Deferred Tax Income/(Expense)	(6.03)	(3.08)
<b>Profit For the Year After Income Tax</b>	<b>330.35</b>	<b>251.29</b>
<b>Profit Available for Appropriation</b>	<b>330.35</b>	<b>251.29</b>
<b>Appropriation</b>		
Reserve for Replacement of FF&E (Net)	(0.83)	77.27
Proposed Dividend	0.00	0.00
Tax on Dividend	0.00	0.00
Balance of Profit/(Loss) brought forward	1280.17	951.61
Transfer to Capital	0.00	0.00
Redemption Reserve		
<b>Bal. carried to Balance Sheet</b>	<b>1609.69</b>	<b>1280.17</b>

### 2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR:

Hospitality industry mainly depends on the Tourism. It is the matter of pride the existing economic scenario lead the tourism industry to upward direction. The Board of Directors and entire are working hard for betterment of business of the Company.

During the year under review, Hotel business became more competitive due to commencing of new Hotels. The Average Occupancy of the hotel for 2018-19 has been increased to 62% from 61% and the Average Room Rates of the hotel for the year 2018-19 has been noted as Rs. 4,978 as compared to Rs. 5,224 in the previous year 2017-18.

However, during the financial year 2018-19, Company had been in a position to achieve a turnover of Rs. 2,393.03 in comparison to Rs. 2,231.81 Lacs in the previous year 2017-18. The profit before tax and profit after tax for the year under review were Rs. 412.68 Lacs and Rs. 330.35 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 Ummed Ahmedabad" is an ISO 22000:2005 certified hotel with the highest levels of Hygiene and Food Safety criteria. Further, the hotel has established 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.

### 3. CHANGE IN THE NATURE OF BUSINESS:

The Company is engaged in the activities of Hotels and Restaurants.

There was no change in the nature of the business of the Company during the year under review.

### 4. SHARE CAPITAL:

The paid up Equity Share Capital as on March 31, 2019 was Rs. 16.93 Crores.

#### A) Issue of equity shares with differential rights:

During the year under review, the company has not issued any shares with differential voting rights.

#### B) Issue of sweat equity shares:

During the year under review, the Company has not issued any sweat equity shares.

#### C) Issue of employee stock options:

During the year under review, the Company has not issued any employee stock options.

#### D) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees:

The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

**5. DIVIDEND:**

During the year under review, the Company has not declared any dividend to the shareholder of the company.

**6. REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

The Company does not have Subsidiaries, Associate and Joint Venture Companies. Hence, details for the same are not required to mention here.

**7. DIRECTORS AND KMP:**

**a) Key Managerial Personnel:**

The following are the Key Managerial Personnel of the Company.

Mr. U. Champawat	Chairman and Managing Director
Mr. Vishwajeetsingh Champawat	Whole time Director
Mr. Yogeshkumar Jayantilal Mehta	Chief Financial Officer
Mr. Sunil Trivedi	Company Secretary cum Compliance officer.

**b) Changes in Directors and Key Managerial Personnel:**

Mr. Vishwajeetsingh Champawat retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself for reappointment.

During the year under review,

The company has accepted resignation of Mr. Jayesh Dave from the directorship of the Company and appointed Ms. Madhuri Chandak as a Director of the Company w.e.f. 30.05.2018. The Company has accepted resignation of Mr. Jayant Kumar from the post of Company Secretary cum Compliance officer of the Company and accepted resignation of Ms. Ragini Toshniwal from the directorship of the Company w.e.f. 30.07.2018.

The Company has appointed Mr. Sunil Trivedi as a Company Secretary cum Compliance Officer of the Company on 25.09.2018.

**c) Declaration by an Independent Director(s) and reappointment, if any:**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have complied with the Code of Conduct for Independent Directors prescribed in Schedule IV of the Companies Act, 2013 and the Code of conduct formulated

by the Company as hosted on the Company's Website i.e. [www.rmhil.com](http://www.rmhil.com).

**8. EXTRACT OF THE ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure-A".

**9. NUMBER OF MEETINGS OF THE BOARD:**

During the year the Board of Directors met Six times (6). The details of the board meetings are provided in Corporate Governance Report.

30.05.2018, 30.07.2018, 13.08.2018, 25.09.2018, 01.11.2018 and 13.02.2019

**10. DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors made the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- That in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual financial statements have been prepared on a going concern basis
- That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- That system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**11. AUDITORS:**

**A. Statutory Auditors:**

M/s. Pranav R Shah & Associates, Chartered Accountants (Firm Registration No. 132072W), Ahmedabad were appointed as the statutory auditors of the Company for a period of 5 (five) years in the 26<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 27, 2017 will be ratified at the ensuing Annual General Meeting pursuant to the provisions of

Section 139 of the Companies Act, 2013, and rule made thereunder.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

**B. Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Rupal Patel, Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure -B”.

**Reply for qualification Remark in Secretarial Audit Report:**

The company has informed to the promoters about the requirement of their respecting holding in dematerialized mode only.

**12. TRANSFER TO/FROM RESERVES:**

It is proposed to transfer Rs. 330.35 lacs to reserves out of the profit during FY 2018-19.

**13. DEPOSITS:**

The Company has not accepted or renewed any deposits during the year. There are no outstanding and overdue deposits as at 31<sup>st</sup> March, 2019.

**14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**15. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length

basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

**16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant material orders passed by the Regulators /Courts which would impact the going concern status of the Company and its future operations.

**17. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**18. CORPORATE SOCIAL RESPONSIBILITY:**

In today's world **Corporate Social Responsibility** is a very important and dominant concept for external environment. Every year 5<sup>th</sup> June is observed as the World Environment Day around the world and is of immense importance for The Ummed Ahmedabad Hotel. “**THE UMMED AHMEDABAD**” has obtained **Earth Check Gold Certification** from Earth Check, on International Environment body during the year 2015-16 which is valid for 5 years. 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.

**19. BUSINESS RISK MANAGEMENT:**

The Company has laid down a Risk Management Policy and identified threat of such events which if occurs will adversely affect either /or, value to shareholders, ability of company to achieve objectives, ability to implement business strategies, the manner in which the company operates and reputation as “Risks”. Further such Risks are categorized in to Strategic Risks, Operating Risks & Regulatory Risks. A detailed exercise is carried out to identify, evaluate, manage and monitoring all the three types of risks.

**20. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. During the year under review, the company retained external audit firm to review its existing internal control system with a view of tighten the same and introduce system of self-certification by all the process owners to ensure that internal controls over all the key business processes are operative. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**21. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has adequate and proper Internal financial controls with reference to the Financial Statements during the year under review.

**22. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

**23. EMPLOYEE RELATIONS:**

Employee relations throughout the Company were harmonious. The Board wishes to place on record its sincere appreciation of the devoted efforts of all employees in advancing the Company's vision and strategy to deliver good performance.

**24. NOMINATION & REMUNERATION POLICY OF THE COMPANY:**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is available on the Company's website at [www.rmhil.com](http://www.rmhil.com).

**25. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

The Company has been proactive in the following principles and practices of good corporate governance. A report in line with the requirements of Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report 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 "C & D" respectively to this report.

Your Company is committed to the tenets of good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with.

As per 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, the Corporate Governance Report, Management Discussion and Analysis and the Auditor's Certificate regarding compliance of conditions of Corporate Governance are attached separately and form part of the Annual Report.

**26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure-E".

**27. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

During the Financial Year 2018-19 there were no Material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

**28. PARTICULARS OF EMPLOYEES & EMPLOYEE REMUNERATION**

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, is provided as “Annexure- F” to the Board’s report.

None of the employees of the Company drew remuneration of Rs.1,02,00,000/- or more per annum and Rs.8,50,000/- or more per month during the year. No employee was in receipt of remuneration during the year or part thereof which, in the aggregate, at a rate which is in excess of the remuneration drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. Hence, no information is required to be furnished as required under Rule, 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**29. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at work place and has adopted a policy against sexual harassment in line with the provision of sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2018-19, the Company has not received any complaints on sexual harassment.

**30. TRANSFER OF UN-CLAIMED DIVIDENDS:**

The Company does not have any funds lying as unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**31. SECRETARIAL STANDARDS:**

The Directors State that applicable Secretarial Standards - 1,2,3 and 4 issued by the Institute of Company secretaries of India relating to ‘Meetings of the Board of Directors’ and General Meetings’, ‘Payment of Dividend’ and ‘Report of the Board of Directors’ respectively, have been duly followed by the Company.

**32. ACKNOWLEDGMENT:**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

**By Order of the Board of Directors**

Place : Ahmedabad  
Date : 13/08/2019

**U. Champawat**  
*Chairman &  
Managing Director*  
**(DIN-00294184)**