

RIVERFRONT HOTELS LIMITED

19TH ANNUAL REPORT

2009-2010

CONTENTS

	Page No.
Board of Directors	01
Notice	02
Director's Report	03
Management Discussion and Analysis	06
Corporate Governance Report	09
Auditor's Report	16
Balance Sheet	20
Cash Flow Statement	21
Schedules to Accounts	22
Information under Part IV of Sch. VI	24

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to kindly bring their copy of the Annual Report to the Meeting.

BOARD OF DIRECTORS :

Mr. Farukh V. Poonawala	—	Chairman
Mrs. Fatima Farukh Poonawala	—	Director
Ms. Sana Farukh Poonawala	—	Director

AUDITORS:

M/s. Parikh & Majmudar, Ahmedabad .

BANKERS:

Punjab National Bank

REGISTERED OFFICE :

Opp. Dutch Garden, Nanpura, Surat – 395001. Gujarat.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company shall be held at the Registered Office of the Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, Gujarat, 30th September 2010, at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the year ended on 31st March, 2010 and reports of the board of directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusions of this meeting up to the conclusion of the next Annual General Meeting and to fix up their remuneration.

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 30/08/2010

DIRECTOR

NOTE: - A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

DIRECTOR'S REPORT

The Members of
M/S. RIVER FRONT HOTELS LIMITED
SURAT

Gentleman/Madam,

Your Directors have pleasure in submitting the Nineteenth Annual Report for the year ended on 31st March, 2010 along with the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on 31st march, 2010.

1. OPERATING RESULTS

Your directors are pleased to state that though your company has not commenced its commercial operation for the year under review, it has taken all effective steps and accordingly there are fair chances of commencement of operation in the next financial year. Your directors also wish to state that your company has already made a tie-up with the renowned hotel chain of the country and accordingly has taken effective steps for completing construction of the hotel and restaurant as envisaged in the project.

In view of the non-commencement of commercial activities, your directors do not recommend any dividend for the year under review.

2. AUDITOR'S REMARK

The auditor's have also qualified the report by stating that the company has not maintained proper records showing full particulars and situation of fixed assets. However, the said records are under updation and the same are prepared in short time.

3. DEPOSIT

The Company has not accepted any deposits within the meaning of the provisions of section 58-A of the Companies Act, 1956, and rules made there under.

4. DIRECTORS

As per the provision of the articles of association, none of the Directors retire by rotation.

5. EMPLOYEES

There was no employee, who if employed throughout the financial year, was in receipt of remuneration which in aggregate was not less than Twenty Four lacs rupees per annum, or if employed for a part of the financial year was in receipt of remuneration at a rate not less than two Lacs rupees per month.

6. AUDITORS

The auditors of the Company M/s Parikh & Majmudar, Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors request you to appoint Auditors and fix up their remuneration.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- I. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. Directors had selected such 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 financial year and of the profit of the company for that period;
- III. Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. Directors had prepared the annual accounts on a going concern basis.

7. CONSERVATION OF ENERGY & TECHNOLOGY & ABSORPTION, ETC.

a) Conservation of Energy

The main source of energy is power. However, power is not a major input in the manufacturing process and therefore, no substantial conservation of energy is possible. Again the company is not required to give the particulars in the prescribed Form A under rule 2 of the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

b) Technology Absorption

The project is based on indigenous know-how and technology, the question of any specific

efforts to be made for technology absorption do not arise.

c) Foreign Exchange Earnings and Outgo

The company has no foreign exchange earnings and outgo during the year under review.

8. ACKNOWLEDGMENTS

Your Directors would like to place on records their appreciation for the co-operations and assistance extended to the company by the Shareholder, Customers, Suppliers, Bankers, Financial Institution & Employees and look forward for their continued support.

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 30/08/2010

DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT, DEVELOPMENT AND OUTLOOK

The Indian economy, which was under severe slowdown during 2008-09 following the global financial crisis, turned around sharply from second quarter of 2009-10 registering GDP growth of around seven percent during the year 2009-10. The broad base growth was recorded in the industrial as well as service sector. It is expected that the economy will go back to the robust growth path of around 9 percent that it was on before the global crisis slowed it down in 2008. The overall environment in business, industry, service sector, foreign investment and capital market turned positive.

In the background of improved business environment, hotel sector registered higher occupancies from the second half of the year 2009-10, although Average Room Rates (ARR) have not increased much. The peak ARR registered during 2007-08 is not likely to be repeated in near future till Foreign Tourist Arrivals (FTAs) is improved, because domestic travelers may not absorb the hike in the ARR. During the first quarter of 2009-10 there was decline in foreign tourist arrivals and Foreign Exchange Earnings (FEE) from tourism. The global meltdown in financial year 2008-2009, outbreak of swine flue, travel advisories issued by the US and other countries due to terrorist threat were few of the causes of decline in FTA. According to the Ministry of Tourism, though foreign tourist arrivals declined in the first quarter of 2009-10, the growth rate marginally improved during April-September 2009 as compared to the corresponding period of the previous year. Both FTA and FEE picked up in last quarter of 2009-10 as compared to corresponding period of the previous year.

INDUSTRY STRUCTURE

The Hotel Industry may broadly be classified into five segments, namely, Premium and luxury segment, Mid Market Segment, Budget Segment, Heritage Hotels and other unclassified segment. The premium segment comprises of 5 star delux and 5 star hotels, catering to the business and upmarket foreign leisure travelers offering high end quality services. The Mid market segment comprises of 3 to 4 star hotels catering to average foreign and domestic leisure traveler and domestic middle level business travelers. The Budget Hotels comprises of 1 to 2 star hotels providing inexpensive accommodation to price conscious travelers. At the initiatives of the Ministry of Tourism, properties of architectural importance like forts and palaces have been converted into hotels which are known as heritage hotels. The other unclassified segment covers unbranded and other hotels having applications pending for classification with the Ministry of Tourism.

The key players in the sector are major hotel chains in the private sector, medium and small hotel chains, Public Sector Chains, international Hotel Chains and localized hotel Companies. The major hotels chains with established brand names which have been mainly operating in Metro cities have started to expand to other locations also, subsequent to the tourism boom. The small hotel chains are operating owned or managed properties under arrangements with reputed international brands. The Public Sector hotel chains have hotels at important locations and play key role in the sector. The International hotels chains are establishing themselves in the Indian market by entering in to joint ventures with Indian partners or by entering into management contracts or franchise agreement.

The market for the hotel industry may be divided into few consumer segments like the Business Travelers, Leisure Travelers, and Airline Cabin Crew which cover both foreign and domestic travelers. It is estimated that the demand is going to exceed supply in the years to come. HVS International has estimated that around 10,856 hotel rooms in Delhi, 9,318 Rooms in Mumbai, 7,794 Rooms in Bangalore and 7,408 Rooms in Hyderabad are expected to be added by 2011.

Tourism being a concurrent subject under the Indian constitution, both the central and state governments regulates the hotel industry. The regulations include statutory and regulatory sanctions, approvals and licenses from the Central and State departments or agencies. In order to develop tourism in India in a systematic manner Tourism Policy was formulated by the Government in the year 2002, which attempts to harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism, focus on domestic tourism as a major driver of tourism growth, creation and development of integrated tourism circuits based on India's unique civilization, heritage, and culture in partnership with States, private sector and other agencies etc.

The Government's Open Skies policy, liberalization in aviation sector, permission for domestic airlines to commence international flights, rationalization in tax rates in the hospitality sector, 100 per cent FDI permission through automatic route, various infrastructure building initiatives, programmes like Incredible India, "Athithi devo bhav Campaign" have created a huge incentive for travelers to explore destinations within India. The booming aviation business is bringing an ever-increasing number of passengers to India. To give a boost to investment in the tourism sector, the Government has, in the Budget 2010, extended the benefit of investment linked deduction under the Income Tax Act to new hotels of two-star category and above anywhere in India.

OPPORTUNITIES, THREATS, RISKS AND CONCERNs

There are at least 35 other cities in the country with a population of one million and more. This, put together with the tourist population make the demand fundamentals for the country strong. There are opportunities in certain micro markets and investments are flocking to smaller cities. The basic reason is availability of acres of properties at affordable prices in these cities. Moreover the special initiatives taken by the respective governments in providing the smaller cities with infrastructural facilities and creation of Special Economic Zones have played a vital role in promoting these small towns into cities of the future. Your Company has realized this opportunity quite early in the process and has already positioned its projects in small cities. Your Company foresees a huge scope in tourism and hospitality sector due to India's diverse culture, rich heritage, divine cuisine etc.

The Hotel industry has its own set of entry barriers, which are high real estate costs, lack of availability of land in prime locations, high cost of construction, high breakeven levels for new hotels due to high investment costs, time taken in acquiring loyalty of customers/ brand building costs, increasing expectation of the customers in terms of product and service, poor tourism infrastructure etc.

India is highly prone to the ever changing socio-economic, market and political conditions and any change in it can affect the prospects of the hotel industry. The risk includes factors like terrorist attacks, strikes, riots, epidemics, political uncertainty, natural calamities, high rate of staff attrition, power and water shortage etc.

REVIEW OF OPERATIONAL AND FINANCIAL PERFORMANCE

The Company has not commenced its commercial operation for the year under review, it has taken all effective steps and accordingly there are fair chances of commencement of operation in the next financial year.

SEGMENT WISE PERFORMANCE

The Company is presently operating in only one segment i.e. hospitality.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Adequate internal controls have been laid down by the Company to safeguard and protect its assets as well as to improve the overall productivity of its operations.

CAUTIONARY STATEMENT

Statements contained in the Management Discussion and Analysis describing the Company's estimates, projections and expectations are forward looking statements and based upon certain assumptions and expectations of future events over which the Company has no control and which could cause actual results to differ materially from those reflected in such statements. Readers should carefully review other information in this Annual Report and in the Company's periodic reports. The Company undertakes no obligation to update or revise any of these futuristic statements, whether as a result of new information, future events, or otherwise.

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 30/08/2010

DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

The Company, **RIVER FRONT HOTELS LIMITED** believes in adopting and adhering to good corporate governance practices. It upholds the values of transparency, professionalism and accountability and endeavours to maintain these values on ongoing basis.

We, as members of Organisation are committed to display through our behaviour and actions the conduct which applies to all aspects of our Business and which builds and maintains Team work, with mutual trust as the basis of all working relationship and the Conduct which puts the customer first, the Company second and the self last.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis forms part of the Directors' Report.

BOARD OF DIRECTORS

Composition and their attendance at Board Meetings:

The Board of Directors has non-executive directors. The chairman of the Board is a non-executive director. The directors are eminent personalities in their respective fields like, hoteliering, banking, finance, management, accounting and general administration. This combination has helped the company to take benefit of the rich experience and expertise of the directors in their core areas of competence.

The following table gives information about the composition of the Board, category of directors, membership of the directors in the Boards and Board committees of other public limited companies and attendance of each director at the Board meetings and last AGM of the Company:

Name	Designation & Category	Board member ship in other companies	Chairman of committees in other companies	Membership (including chairmanship) of committees in other companies	No. Of Board Meetings attended	Last AGM Attendance (Yes / No)
Farukh Poonawala	Non-Executive Director	-	-	-	All	Yes
Fatima Farukh Poonawala	Non-Executive Director	-	-	-	All	Yes
Sana Farukh Poonawala	Non-Executive Director	-	-	-	All	Yes

During the financial year 2009-2010, twelve Board meetings were held on 18th April 2009, 23rd May 2009, 18th July 2009, 08th August 2009, 05th September 2009, 19th September 2009, 16th October 2009, 21st November 2009, 19th December 2009, 23rd January 2010, 20th February 2010 and 20th March 2010. Leave of absence was granted to directors who could not attend the Board meetings.

None of the directors on the Board of the Company is a member of more than ten committees or acts as chairman of more than five committee across all companies in which he is a director. For the purpose of reckoning this limit, only membership and chairmanship of the Audit Committee and the Shareholders' Grievance Committee of directors have been considered. Necessary disclosures have been made by the directors in this regard.

All the necessary information as required by Clause 49 of the Listing Agreements signed by the Company with the Stock Exchanges is placed before the Board.

BOARD PROCEDURE

The Board of Directors, in its meetings, focuses mainly on issues concerning policy and business strategies and deals with important issues relating to business development, internal controls, regulatory compliance and other matters which need to be considered by the Board for ensuring good corporate governance and enhancing the Company's networth and value to the shareholders.

FUNDAMENTAL CODE OF CONDUCT

We, as members of **RIVER FRONT HOTELS LIMITED** are committed to display through our behaviour and actions the following conduct which applies to all aspects of our Business:

- Conduct which is of the highest ethical standards—intellectual, financial and moral and reflects the highest levels of courtesy and consideration to others.
- Conduct which builds and maintains Team work, with mutual trust as the basis of all working relationship.
- Conduct which puts the customer first, the Company second and the self last.
- Conduct which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy along with warmth and concern.
- Conduct which demonstrates two-way communication accepting constructive debate and dissent whilst acting fearlessly with conviction.
- Conduct which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievements as well as individual development.
- Conduct which at all times safeguards the safety, security, health and environment of customers, employees and the assets of the Company.

- Conduct which eschews the short-term quick-fix for the long-term establishment of healthy precedent.

COMMITTEES OF THE BOARD

The Board has constituted the following committees in conformity with the applicable statutory requirements and the Listing Agreements entered into between the Company and the Stock Exchanges.

AUDIT COMMITTEE

The Company has set up an Audit Committee. The chairman of the Committee is a director having knowledge in accounting and financial management field. All the other members of the Committee are also non- executive Directors possessing vast experience, knowledge and management expertise.

Accordingly, the Audit Committee, inter-alia, oversees the Company's financial reporting process, ensures correct and adequate disclosure of financial information and reviews financial statements, adequacy of internal control systems and compliance of generally accepted accounting principles. The Committee also recommends the appointment of Statutory Auditors and fixation of their audit fee.

During the year under review four meetings of Audit Committee were held on 23rd May 2009, 18th July 2009, 16th October 2009 and 23rd January 2010.

REMUNERATION COMMITTEE:

Remuneration committee is not formed because no remuneration and/or sitting fees is/are paid to directors.

SHAREHOLDERS' GRIEVANCE COMMITTEE:

The composition of the Shareholders' Grievance Committee consists of the following directors/members:

Sr. No.	Name of the Directors / Members	Category	Meeting Attended
1	Mr. Farukh Valibhai Poonawala	Chairman	1
2	Mrs. Fatima Farukh Poonawala	Member	1
3	Ms. Sana Farukh Poonawala	Member	1

A meeting of the Shareholders' Grievances Committee was held on 23rd May, 2009.

All share related issues are handled and resolved by the Share Transfer Committee. However, exceptional cases, if any, are referred to the Shareholders' Grievance Committee.

The scope and broad terms of reference of the Shareholders' Grievances Committee are:

- To look into shareholders' complaints, if any, and to redress the same.

- To approve requests for issue of duplicate share certificates due to loss, misplacement, mutilation etc. Of original share certificates and also to deal with requests for transmission of shares referred by the Share Transfer Committee.

As on 31st March, 2010 there were no pending share transfers with the Company.

ANNUAL GENERAL MEETINGS AND OTHER GENERAL MEETINGS HELD FOR THE LAST 3 FINANCIAL YEARS:

Particulars	FY-2006-2007 AGM	FY-2007-2008 AGM	FY-2008-2009 AGM
Date	29th September, 2007	29th September, 2008	29th September, 2009
Location	Landmark, Opp. Dutch Garden, Nanpura, Surat – 395 001. Gujarat.	Landmark, Opp. Dutch Garden, Nanpura, Surat – 395 001. Gujarat.	Landmark, Opp. Dutch Garden, Nanpura, Surat – 395 001. Gujarat.
Time	11.00 a.m.	11.00 a.m.	11.00 a.m.

No Special Resolution was passed at each of the Annual General Meeting held on 29th September 2007 and 29th September 2008 and 29th September 2009.

DISCLOSURES:

Managing Director Certification:

The Managing Director and Director have given a certificate to the Board as contemplated in Clause of the Listing Agreement.

Related Party Transactions:

The Company has not entered into any transactions of material nature with any of its related parties that may have potential conflict with the interest of the Company.

There is no formal Whistle Blower Policy but no employee is denied access to the Audit Committee.

Code of Conduct:

The Board of Directors has laid down a "Code of Conduct" (Code) for all the Board members and the senior management personnel of the Company.

Risk Management

The Audit Committee and the Board periodically discuss the significant business risks identified by the Management and review the measures taken for their mitigation.

A note on identification and mitigation of risks is included in Management Discussion and Analysis annexed to the Directors' Report.

MEANS OF COMMUNICATION

The statements of quarterly financial results are furnished to the stock exchanges immediately after the conclusion of the Board Meeting.

GENERAL SHAREHOLDERS INFORMATION

1. 19th Annual General Meeting

Date: 30th September, 2010

Time: 11.00 A.M.

Venue: Landmark, Opp. Dutch Garden, Nanpura, Surat – 395 001, Gujarat.

2. Tentative Financial Calendar

Audited Annual Accounts for the year 2009 –2010

15th May, 2010(B M)*

Audited 1st quarter Results (June 30, 2010)

17th July, 2010

Sending/Mailing of Annual Report

On or before 30th August, 2010

Annual General Meeting

30th September, 2010

Audited 2nd quarter Results (September 30, 2010)

By 23rd October, 2010 (B M)*

Audited 3rd quarter Results (December, 31, 2010)

By 22nd January, 2011 (B M)*

Audited 4th quarter Results (March 31, 2011)

By 30th April, 2011 (B M)*

* (B M) – Board Meeting Date

3. Dates of book closure: from 18th September, 2010 to 30th September, 2010 (both days inclusive).

4. Dividend payment date for Dividend 2009-2010

-N.A.-

5. For any queries, investors are requested to get in touch with the Registered Office of the Company.

6. Share Transfer System

The Share Transfer Committee constituted by the Board considers and approves all physical form share related issues, transfers, transmission of shares, issue of duplicate shares etc. The members of the Share Transfer Committee are:

Mr. Farukh Valibhai Poonawala

Mrs. Fatima Farukh Poonawala

Ms. Sana Farukh Poonawala

The shares are transferred and returned within the minimum stipulated period provided all the necessary documents are found in order.

7. Distribution of Shareholdings as on 31st March, 2010.

Shareholding Range	Number of Shareholders	% of Shareholders	Number of Shares	% of Shareholding
1 to 100	1500	99.80	150000	3.45
101 to 500	-	-	-	-
501 to 1000	-	-	-	-
1001 to 10000	-	-	-	-
10001 and above	3	0.20	4200080	96.55
TOTAL	1503	100.00	4350080	100.00

Category of Shareholdings as on 31st March, 2010.

Category	Shares	% of Total
Promoter & Promoter Group	4200080	96.55
Directors & their relatives (other than promoter)		
Public		
- Corporate Bodies	-	-
- Individual and others	150000	3.45
TOTAL	4350080	100

8. Address for Correspondence

Registered Office:

Landmark, Opp. Dutch Garden, Nanpura, Surat – 395 001, Gujarat.

Telephone: 9898000486

Email: Farukhpoonawala@hotmail.com

9. Declaration on Code of Conduct

It is confirmed that the Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2010, as envisaged in clause 49 of the listing agreement with stock exchanges.

10. Disclosure of Relationship between Directors

Name of the Director	Relationship
Mr. Farukh Valibhai Poonawala Chairman and Managing Director	Husband of Mrs. Fatima Farukh Poonawala, Director and Father of Ms. Sana Farukh Poonawala, Director

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 30/08/2010

DIRECTOR

**AUDITORS' CERTIFICATE
ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the shareholders of **RIVER FRONT HOTELS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **RIVER FRONT HOTELS LIMITED**, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in most of the material respects with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Shareholders Grievance Committee.

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

PLACE: AHMEDABAD

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

DATE: 30/08/2010

**HITEN PARIKH
PARTNER
M. NO. 40230
FRN NO. : 107525W**

AUDITORS' REPORT

To
The Members,
M/S. RIVER FRONT HOTELS LIMITED
SURAT.

1. We have audited the attached Balance Sheet of M/S. RIVER FRONT HOTELS LIMITED as at 31st March, 2010 and the Cash Flow Statement 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. The Company has not prepared Profit & Loss account for the year ended on 31st March 2010 as it has not commenced commercial activity.
4. 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 annex here to a statement on the matters specified in paragraphs 4 &5 of the said order to the extent applicable.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we state that :-
 - a) 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.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Cash flow statement referred to in this report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and Cash flow statement comply with the accounting standard referred to in section 211 (3c) of the Companies Act. 1956.
 - e) On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March, 31 2010 from being, appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet, read together with the notes thereon give the information required by the Companies Act, 1956. in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

- i. In the case of the Balance Sheet of the State of Affairs of the company as at 31st March, 2010.
- ii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

PLACE - AHMEDABAD

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

DATE - 30/08/2010

**HITEN PARIKH
PARTNER
M. NO. 40230
FRN NO: 107525W**

On this 30th day of August 2010, I, Hitendr Parikh, Partner of Parikh & Majmudar Chartered Accountants, Ahmedabad, do hereby declare that the above statement is true to the best of my knowledge and belief.

I, Hitendr Parikh, Partner of Parikh & Majmudar Chartered Accountants, Ahmedabad, do hereby declare that the above statement is true to the best of my knowledge and belief.

I, Hitendr Parikh, Partner of Parikh & Majmudar Chartered Accountants, Ahmedabad, do hereby declare that the above statement is true to the best of my knowledge and belief.

I, Hitendr Parikh, Partner of Parikh & Majmudar Chartered Accountants, Ahmedabad, do hereby declare that the above statement is true to the best of my knowledge and belief.

I, Hitendr Parikh, Partner of Parikh & Majmudar Chartered Accountants, Ahmedabad, do hereby declare that the above statement is true to the best of my knowledge and belief.

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

- i) a) The company is in process of updating proper records showing full particulars, including details of quantity & the situation of the fixed assets.
b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company & nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
c) In our opinion and according to the information and explanation given to us the company has not made any disposal of Fixed Assets during the year
- ii) The Company has neither granted nor taken any loans, Secured or unsecured, to or from, companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Hence the provision of paragraph 4(iii)(b) to 4(iii)(f) are not applicable.
- iii) In our opinion & according to the information & explanations given to us, there are adequate internal control systems commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- iv) In our opinion & according to the information & explanations given to us, there are no contracts or arrangements the particulars of which need to be entered in the register required to be maintained u/s 301 of the Companies Act, 1956
- v) The Company has not accepted any deposits from the public.
- vi) The Company is having an in-house audit system. However, in our opinion, the same is required to be strengthened.
- vii) a) According to the records of the company undisputed Statutory dues including provident fund, employees State Insurance, Income-tax, Service tax, Sales-tax Customs duties, excise duty, cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. According to the information & explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
b) The Company has no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities

- viii) According to the information and explanation given to us, as the company has not taken any loans this clause is not applicable.
- ix) According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- x) According to the information & explanations given to us, the company has not raised any new term loan during the year..
- xi) On the basis of information and explanations given to us and on the basis of overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used during the year for long term investments.
- xii) To the best of our knowledge and belief & according to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.
- xiii) The nature of the company's business/activities for the year are such that the requirements of items (ii), (viii), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the company.

PLACE - AHMEDABAD

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

DATE - 30/08/2010

**HITEN PARIKH
PARTNER
M. NO. 40230
FRN NO 107525W**

BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	S C H	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2009 (Rupees)
(A) SOURCES OF FUND					
1 <u>Shareholder's Fund</u>	1	30,746,300	30,746,300	30,746,300	30,746,300
a) Share capital		0		0	
b) Reserves and surplus					
2 <u>Loan Funds</u>	2	0	24,747,299	0	24,747,299
a) Secured Loans					
b) Unsecured Loans					
<u>CAPITAL EMPLOYED</u>			55,493,599		55,493,599
(B) APPLICATION OF FUNDS					
1 Gross Block	3	55,337,077	50,651,732		
Less : Depreciation		245,635	226,740		
		55,091,442	50,424,992		
2 <u>Investment</u>	4		1000		1000
3 <u>Current Assets, Loans & Advances</u>		0	0		
a) Inventories		0	0		
b) Sundry Debtors					
c) Cash & Bank Balances	5	3,634	3,634		
d) Loans & Advances	6	1,609,440	6,768,994		
		1,613,074	6,772,628		
<u>Less: Current Liabilities & Provisions</u>					
a) Current Liabilities	7	1,211,917	1,705,021		
b) Provisions		0	0		
		1,211,917	1,705,021		
<u>Net Current Assets</u>			401,157		5,067,607
4 Miscellaneous Expenditure (To the extent not written off)			0		0
<u>EMPLOYMENT OF CAPITAL</u>			55,493,599		55,493,599

Notes forming part of accounts

8

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

HITEN PARIKH
PARTNER
M. NO. 40230
FRN NO. 107525W
PLACE: AHMEDABAD
DATE: 30/08/2010

FOR RIVER FRONT HOTELS LIMITED

DIRECTORS

PLACE: SURAT
DATE: 30/08/2010

CASH FLOW STATEMENT

P A R T I C U L A R S	(Rupees)	
	Year Ended 31/03/2010	31/03/2009
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and extraordinary items	0	0
Adjustment for:		
Amortisation of Expenses	0	0
Loss on Sale/Discard of Fixed Assets	0	0
Surplus on disposal of Capital Assets	0	0
Excess Tax Provision Written Back	0	0
Un-realized Loss/(Gain) on Borrowings	0	0
Extra Ordinary Item and Prior Period Adjustments	0	0
Provision for Employee Benefits	0	0
Provision For Depreciation	0	0
Bad Debts and Provision for Doubtful Debts and Advances	0	0
Investments income	0	0
Interest income	0	0
Interest paid	0	0
Operating profit before working capital changes	0	0
Trade and other receivables	0	0
Inventories	0	0
Trade Payables	-493104	22472
Cash generated from operations	0	0
Direct taxes paid (Net of refunds)	0	0
Net cash from operating activities	-474209	22472
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress and capital advances)	-44080422	-22472
Sale Proceeds of Fixed Assets	39395077	0
Deposits Refund/Paid (including for properties)	0	0
Investments made during the year	0	0
Sale of Other Investments	0	0
Interest Received	0	0
Dividend Received	0	0
Net cash used in investing activities	-4666450	-22472
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	0	0
Repayments of long term borrowings	5159554	0
Proceeds from short term borrowings	0	0
Repayments of short term borrowings	0	0
Interest paid	0	0
Dividend paid (including Tax on Dividend)	0	0
Net cash used in financing activities	5159554	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	0	0
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (Opening Balance)	3634	3634
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (Closing Balance)	3634	3634

RIVER FRONT HOTELS LIMITED

19th Annual Report
2009-2010

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS		As at 31-03-2010 (Rupees)	As at 31-03-2009 (Rupees)
SCHEDULE – 1			
<u>Authorised Capital</u>			
50,00,000 Equity Share of Rs. 10/- each		50,000,000	500,00,000
<u>Issued, Subscribed and paid up</u>			
43,50,080 Equity Share of Rs. 10/- each fully paid-up		43,500,800	43,500,800
Less : Calls in arrears		12,754,500	12,754,500
Total		30,746,300	30,746,300

SCHEDULE – 2		UNSECURED LOANS	
From Directors		24,747,299	24,747,299
Total		24,747,299	24,747,299

Sr. No	Assets	Gross Block			Depreciation			Net Block	
		Opening balance as at 01-04-09 (Rupees)	Addition during the year	Deduction during the year	Total as at 31-03-10 (Rupees)	Up to 31-03-09 (Rupees)	For the year (Rupees)	Total as at 31-03-10 (Rupees)	As at 31-03-09 (Rupees)
1	Land	7,749,420	- 0	0	7,749,420	0	0	7,749,420	7,749,420
2	Building	0	41,652,648	0	41,652,648	0	0	41,652,648	0
3	Electric Fittings	0	301,962	0	301,962	0	0	301,962	0
4	Vehicle	1,400	0	0	1,400	1,188	99	1,287	113
5	Office Equipments	69,890	0	0	69,890	39,840	3,320	43,160	26,730
6	Furniture & Fixture	244,489	2,125,812	0	2,370,301	185,712	15,476	201,188	2,169,113
7	Capital WIP	42,568,533	0	39,395,077	3,191,456	0	0	0	3,191,456
	Total	50,651,732	44,080,422	39,395,077	55,337,077	207,845	18,895	245,635	55,091,442
									50,424,992

SCHEDULE – 4		INVESTMENTS	
<u>UNQUOTED</u>			
10 Equity Shares of Rs. 100/- each fully paid up of Gujarat Industrial Co. op Bank Ltd.		1,000	1,000
Total		1,000	1,000

SCHEDULE – 5		CASH AND BANK BALANCE	
Balance with Non-scheduled Bank in current a/c			958
[Maximum balance o/s at any time during the year Rs. 958/-] (P.Y. Rs. 958/-)			2,676
Cash on hand			3,634
Total			958
			2,676
			3,634

SCHEDULE – 6		LOANS AND ADVANCES	
(Unsecured, considered good)			1,542,000
Advances recoverable in cash or in kind or for value to be received			67,440
Deposit			67,440
Total			1,609,440
			6,701,554
			67,440
			6,768,994

SCHEDULE – 7		CURRENT LIABILITIES	
Creditors for capital expenditure			800,659
Creditors for expenses			411,258
Total			1,211,917
			1,315,823
			389,198
			1,705,021

SCHEDULE – 8

NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

A. METHOD OF ACCOUNTING

The financial statements have been prepared on the historical cost convention and are in accordance with normally accepted accounting principles.

B. RECOGNITION OF INCOME AND EXPENDITURE

Revenues/Incomes and costs/expenditures are generally accounted on accrual, as they are earned or incurred.

C. FIXED ASSETS

Fixed assets (Including Capital Work-in-Process) are stated at cost.

D. Depreciation on fixed assets has been provided on Straight Line Method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956, at the rates specified in schedule XIV of the companies Act,1956.

E. INVESTMENT

Investments are stated at cost.

2. The company has not yet started its commercial operations and hence Profit & Loss account for the year has not been prepared.

3. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

4. Balances of loans and advances, creditors and other receivables and payables are subject to confirmation from respective parties.

5. As the company has not commenced its commercial operations, the information required to be given pursuant to Clause 3 (ii)(a), 4(c) and (d) of Part II of Schedule VI to the Companies Act, 1956 have not been given.

6. Previous year's figures have been re-grouped & rearranged wherever necessary to make them comparable with current year's figures.

7. Information required in terms of part IV of Schedule VI to the Companies Act, 1956 is attached.

-: As per our report of even date attached:-

Signatories to Schedules - 1 to 7

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

HITEN PARIKH
PARTNER
M. NO. 40230
PLACE: AHMEDABAD
DATE: 30/08/2010

FOR RIVER FRONT HOTELS LIMITED

DIRECTORS
PLACE: SURAT
DATE: 30/08/2010

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

PARTICULARS		AMOUNT (Rupees)
I	Registration Details	
CIN No.		LSS100GJ1991PLC016766
State Code		GJ
Balance Sheet date		31 st March 2010
II	Capital raised during the year	
Public Issue	0	
Bonus Issue	0	
Right Issue	0	
Private Placement	0	
III	Position of Mobilisation and Deployment of Funds	
Total Liabilities	55,493,599	
Total Assets	55,493,599	
Sources of Funds		
Paid up Capital	30,746,300	
Reserves & Surplus	0	
Secured Loans	0	
Unsecured Loans	24,747,299	
Deferred Tax Liability (Net)	0	
Application of Funds		
Net fixed assets (incl. Capital work in progress)	55,091,442	
Investments	1,000	
Foreign Currency Monetary Item Translation Difference	0	
Long Term Deposits	0	
Net Current Assets	401,157	
Miscellaneous Expenditure	0	
Accumulated Losses	0	
IV	Performance of the Company	
Turnover (including other income)	0	
Total Expenditure	0	
Profit (+)/ Loss (-) before tax	0	
Profit (+) / Loss (-) after tax	0	
Earnings per equity share (in Rupees)	0	
Dividend on equity shares (Rate in %)	0	
V	Generic Names of Three Principal Products of Company	
The Company is in the business of hoteliering and catering & timeshare.		

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 30/08/2010

DIRECTOR

RIVER FRONT HOTELS LIMITED ATTENDANCE SLIP

Registered Office: Land mark, Opp. Dutch Gardens, Nanpura, Surat.

Dp Id**	
---------	--

Master folio No.	
------------------	--

Client Id**	
-------------	--

No. of share(s) held	
----------------------	--

I hereby record my presence at the Nineteenth Annual General Meeting of the Company to be held at registered office of the Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Thursday, 30th September 2010, at 11.00 a.m.

NAME OF THE SHAREHOLDER/PROXY*

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

** Applicable for investors holding shares in electronic form

Note: Shareholder / Proxy holder wishing to attend meeting must bring the Attendance Slip to the Meeting and hand it over at the entrance of the Meeting venue duly signed.

RIVER FRONT HOTELS LIMITED

PROXY FORM

Registered Office: Land mark, Opp. Dutch Gardens, Nanpura, Surat.

Dp Id**	
---------	--

Master folio No.	
------------------	--

Client Id**	
-------------	--

No. of share(s) held	
----------------------	--

I/We.....of
being a Member/Members of the above named company hereby appoint of
.....or failing him/her..... of
.....or failing him/her of
.....as my / our Proxy to attend and vote for me/us on my/our behalf, at
the Nineteenth Annual General Meeting of the Company to be held at registered office of the
Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Thursday, 30th September 2010, at
11.00 a.m. and at any adjournment thereof.

Signed this Day of 2010.

Please affix
Re.1 Revenue
Stamp here

Signature

** Applicable for investors holding shares in electronic form.

Notes: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the Commencement of the Meeting.

REGISTERED OFFICE

Landmark, Opp. Dutch Garden, Nanpura, Surat – 395001. Gujarat.