

# **RIVER FRONT HOTELS LIMITED**

**20TH ANNUAL REPORT**

**2010-2011**

RIEGER & RYAN LTD.

ANNUAL REPORT

2010-2011

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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 :

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

## NOTICE

NOTICE is hereby given that the Twentieth 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 2011, 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 31<sup>st</sup> March, 2011 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: 31/08/2011

S/D  
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 Twentieth Annual Report for the year ended on 31<sup>st</sup> March, 2011

### 1. OPERATING RESULTS

As the Co. has not started commercial operation no P & L has been prepared.

### 2. 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.

### 3. DIRECTORS

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

### 4. 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.

### 5. 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.

## 6. 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 does not arise.

### c) Foreign Exchange Earnings and Outgo

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

## 7. 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: 31/08/2011

DIRECTOR

## ANNEXURE TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK

The Indian economy has reverted to the growth trajectory on which it was before the global financial crisis during 2008-09. The remarkable recovery in economy starting from second half of 2009-10 has proved its inherent strength. The business environment was positive with growth of economy over 8% in the year 2010-11. The medium to long term prospect of the economy remains positive, though inflationary trend and rising interest rates are areas of concern.

With the rising growth in the economy, the tourism sector has also shown buoyancy in terms of foreign tourist arrivals from different countries due to, inter alia, rise in trade and business delegations. According to report of the Ministry of Tourism, the tourism sector witnessed good growth in 2010 as compared to 2009. Foreign Tourist Arrivals (FTAs) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%. The Foreign Exchange Earning (FEE) in 2010 was higher by 18.1% as compared to FEE in 2009.

The strong performance of the corporate sector and the growth in the economy has led to surge in business travel. The domestic tourism in India has also been extensive with increase in disposable income and numerous pilgrimage centers across the country. These factors are strengthening and improving the demand for hotel rooms and consequently increasing the occupancy rates. Even though the Average Room Rates (ARRs) have not shown significant improvements, historically, strong and increasing occupancy levels are followed by higher ARRs.

Further, the first F1 Grand Prix scheduled to be held in India this year has world wide followers and will enhance the hospitality business significantly. Such events not only create short-term positive impact, but also provide visibility and perception of the host country.

The new trends in the industry like Camping Sites, Heliports, Convention Centers, Caravan Tourism, Medical Tourism, Bird watching Tourism, Golf Tourism, Cruise Tourism, Wellness Tourism, apartment hotels etc. are going to boost the sentiments and performance of the tourism industry.

Tourism is an important sector of the economy and contributes significantly in the country's GDP and foreign exchange earnings. It offers employment opportunity to large section of skilled and unskilled manpower.

The Government has, recognizing the importance of tourism, taken several initiatives such as allowing 100% FDI in hotel sector, developing tourism infrastructure at places of national and international importance by identifying 38 mega tourism projects, approving setting up of Hospitality Development and Promotion Board, offering investment linked deduction up to 100% under Section 35AD of the Income Tax Act for establishing new hotels of 2 star category and above in respect of expenditure of capital nature, five years tax holidays for all hotels of 2, 3 and 4 star categories located in all UNESCO declared World Heritage sites (except Mumbai and Delhi), de-linking credit for hotel projects from commercial real estate, thereby enabling hotel projects to avail credit at relaxed norms and reduced interest rates, launching visa on arrival scheme, supporting institutional infrastructure for

training and education in tourism, promoting theme based tourism like Rural Tourism, Meetings, Incentives, Conferences and Exhibitions (MICE) Tourism, Adventure Tourism, Medical and Wellness Tourism, Eco Tourism, cruise tourism etc., promotional activities like road shows, print and electronic media campaigns, travel fairs and exhibitions, releasing social awareness campaign to sensitizing the masses about the importance of tourism etc. These initiatives will certainly help in promoting tourism in the country.

### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

Any adverse change in the general economic scenario and the demand supply situation, unhealthy competition and seasonal nature of hotel industry may affect the prospect of the hotel Industry.

The hotel industry has it's own set of constraints which include managing manpower, compensation issues, high attrition rate, regular employee training in order to maintain service standards, heavy costs for periodic renovation and repositioning of properties.

Escalating cost of land in metros has been a major area of concern in addition to other threats and risk factors like limited availability of land and power, water shortage, procurement of multiple clearances / approvals required for hotel projects, rising interest cost, long gestation period, poor infrastructure facilities etc. Besides, terrorist threats, natural calamities, deadly diseases like flu, competition from other tourist destinations offering attractive packages etc. are few other risk factors which may affect the hotel industry.

### **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: 31/08/2011**

**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 membership 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 2010-2011, twelve Board meetings were held on 24th April 2010, 15th May 2010, 12th June 2010, 17th July 2010, 30th August 2010, 18th September 2010, 23rd October 2010, 20th November 2010, 18th December 2010, 22nd January 2011, 19th February 2011 and 26th March 2011. 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/she 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 15th May 2010, 17th July 2010, 23rd October 2010 and 22nd January 2011.

### 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 15th May, 2010.

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, 2011 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-2007-2008 AGM	FY-2008-2009 AGM	FY-2009-2010 AGM
Date	29th September, 2008	29th September, 2009	30th September, 2010
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 2008 and 29th September 2009 and 30th September 2010.

## 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:

Transactions with the Related Parties are disclosed in Note no. 5 of Schedule 9 to the Notes forming part of Accounts in the Annual Report.

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. 20th Annual General Meeting

Date: 30th September, 2011

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 2010 –2011	21st May, 2011(B M)*
Audited 1st quarter Results (June 30, 2011)	23rd July, 2011
Sending/Mailing of Annual Report	On or before 30th August, 2011
Annual General Meeting	24th September, 2011
Audited 2nd quarter Results (September 30, 2011)	By 22nd October, 2011 (B M)*
Audited 3rd quarter Results (December, 31, 2011)	By 21st January, 2012 (B M)*
Audited 4th quarter Results (March 31, 2012)	By 30th April, 2012 (B M)*
In case of audited results for the financial year 2011-12	By 30th May, 2012 (B M)*

\* (B M) – Board Meeting Date

### 3. Dates of book closure: from 19th September, 2011 to 30th September, 2011 (both days inclusive).

### 4. Dividend payment date for Dividend 2010-2011 -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, 2011.

Shareholding Range	Number of Shareholders	% of Shareholders	Number of Shares	% of Shareholding
1 to 100	1500	99.8	150000	3.45
101 to 500	-	-	-	-
501 to 1000	-	-	-	-
1001 to 10000	-	-	-	-
10001 and above	3	0.2	4200080	96.55
<b>TOTAL</b>	<b>1503</b>	<b>100</b>	<b>4350080</b>	<b>100</b>

Category of Shareholdings as on 31st March, 2011.

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
<b>TOTAL</b>	<b>4350080</b>	<b>100</b>

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, 2011, 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: 31/08/2011

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, 2011 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**

**DATE: 31/08/2011**

**FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS**

**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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011 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, 2011 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 2011 from being, appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

i) 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 :-

- In the case of the Balance Sheet of the State of Affairs of the company as at 31st March, 2011.
- 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 - 31/08/2011

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

## 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, 2011 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 – 31/08/2011

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

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2011

PARTICULARS	S C H	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2011 (Rupees)	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2010 (Rupees)
<b>(A) SOURCES OF FUND</b>					
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	17,615,573	42,640,872	0	24,747,299
a) Secured Loans	3	25,025,299			
b) Unsecured Loans					
<b>CAPITAL EMPLOYED</b>					
<b>(B) APPLICATION OF FUNDS</b>					
1 Gross Block	4	73,732,130	73,684,168	55,337,077	55,091,442
Less : Depreciation		47,962		245,635	
				55,091,442	
2 <u>Investment</u>	5		1000		1000
3 <u>Current Assets, Loans &amp; Advances</u>					
a) Inventories	6	0		0	
b) Sundry Debtors	7	0		0	
c) Cash & Bank Balances		81,826		3,634	
d) Loans & Advances		1,609,440		1,609,440	
		1,691,266		1,613,074	
<u>Less: Current Liabilities &amp; Provisions</u>	8				
a) Current Liabilities		1,989,262		1,211,917	
b) Provisions		0		0	
<u>Net Current Assets</u>		1,989,262		1,211,917	
4 Miscellaneous Expenditure (To the extent not written off)			(297,996)		401,157
<b>EMPLOYMENT OF CAPITAL</b>			0		0
			73,387,172		55,493,599

Notes forming part of accounts

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FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS

HITEN PARIKH  
PARTNER  
M. NO. 40230  
FRN NO. 107525W  
PLACE: AHMEDABAD  
DATE: 31/08/2011

FOR RIVER FRONT HOTELS LIMITED

DIRECTORS

PLACE: SURAT  
DATE: 31/08/2011

## CASH FLOW STATEMENT

PARTICULARS	(Rupees)		
	Year Ended	31/03/2011	31/03/2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net profit before tax and extraordinary items		0	0
Adjustment for:		0	0
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
<b>Operating profit before working capital changes</b>		0	0
Trade and other receivables		0	0
Inventories		0	0
Trade Payables		777345	-493104
Cash generated from operations		0	0
Direct taxes paid (Net of refunds)		0	0
<b>Net cash from operating activities</b>		777345	-493104
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets (including Capital Work in Progress and capital advances)		-23555883	-44080422
Sale Proceeds of Fixed Assets		4963157	39395077
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
<b>Net cash used in investing activities</b>		-18395053	-4685345
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from long term borrowings		17893573	5159554
Repayments of long term borrowings		0	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
<b>Net cash used in financing activities</b>		17893573	5159554
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		0	0
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010 (Opening Balance)</b>		3634	3634
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (Closing Balance)</b>		81826	3634

# RIVER FRONT HOTELS LIMITED

20<sup>th</sup> Annual Report  
2010-2011

## SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS		As at 31-03-2011 (Rupees)	As at 31-03-2010 (Rupees)
<b>SCHEDULE – 1</b> <b>SHARE CAPITAL</b>			
<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
<b>Total</b>		<b>30,746,300</b>	<b>30,746,300</b>

<b>SCHEDULE – 2</b> <b>SECURED LOANS</b>			
Term Loan From Punjab National Bank		17,615,573	0
[Secured against hypothecation of all movable assets of the company and Equitable Mortagage of Land, and Building of hotel premises belong to company situated at F-01, New Survey No 304, Word No 1a, Nonda No 40a, Besides Sales Tax Bhavan, Surat & also Personal guarantee of directors of the company].			
<b>Total</b>		<b>17,615,573</b>	<b>0</b>

<b>SCHEDULE – 3</b> <b>UNSECURED LOANS</b>			
From Directors		25,025,299	24,747,299
<b>Total</b>		<b>25,025,299</b>	<b>24,747,299</b>

S r N o	Assets	Gross Block				Depreciation			Net Block	
		Opening balance as at 01-04-10 (Rupees)	Addition during the year	Deduction during the year	Total as at 31-03-11 (Rupees)	Up to 31-03-10 (Rupees)	For the year (Rupees)	Deducti on For the year	Total as at 31-03-11 (Rupees)	As at 31-03-11 (Rupees)
1	Land	7,749,420	489,850	0	8,239,270	0	0	0	8,239,270	7,749,420
2	Building	41,652,645	9,685,680	0	51,338,325	0	0	0	51,338,325	41,652,645
3	Electric Fittings	301,965	530,458	0	832,423	0	0	0	832,423	301,965
4	Vehicle	1,400	0	1400	0	1,287	0	1,287	0	113
5	Office Equipments	69,890	16,400	0	86,290	43,160	4,802	0	47,962	38,328
6	Furniture & Fixture	2,370,301	0	2,370,301	0	201,188	0	201,188	0	2,169,1113
7	Capital WIP Including Per-operative Exp & Capital Adva.	3,191,456	12,635,822	2,591,456	13,235,822	0	0	0	0	13,235,822
	<b>Total</b>	<b>55,337,077</b>	<b>23,358,210</b>	<b>4,963,157</b>	<b>73,732,130</b>	<b>245,635</b>	<b>4,802</b>	<b>202,475</b>	<b>47,962</b>	<b>73,684,168</b>
	P.Y.	50,651,732	44,080,422	39,395,077	55,337,077	226,740	18,895	0	245,635	55,091,442
										50,424,992

<b>SCHEDULE – 5</b> <b>INVESTMENTS</b>			
<u>UNQUOTED</u>			
10 Equity Shares of Rs. 100/- each fully paid up of Gujarat Industrial Co. op Bank Ltd.		1,000	1,000
<b>Total</b>		<b>1,000</b>	<b>1,000</b>

<b>SCHEDULE – 6</b> <b>CASH AND BANK BALANCE</b>			
Balance with Non-scheduled Bank in current a/c			
[Maximum balance o/s at any time during the year Rs. 958/-] (P.Y. Rs. 958/-)		0	958
Cash on hand		81,826	2,676
<b>Total</b>		<b>81,826</b>	<b>3,634</b>

SCHEDULE - 7		LOANS AND ADVANCES		
(Unsecured, considered good)			1,542,000	1,542,000
Advances recoverable in cash or in kind or for value to be received			67,440	67,440
Deposit				
	<b>Total</b>		<b>1,609,440</b>	<b>1,609,440</b>

SCHEDULE - 8		CURRENT LIABILITIES		
Creditors for capital expenditure			1,466,368	800,659
Creditors for expenses			395,162	411,258
Credit Balance with Punjab National Bank			122,217	0
Statutory Liabilities			5,515	0
	<b>Total</b>		<b>1,989,262</b>	<b>1,211,917</b>

## SCHEDULE - 9 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.

1. The company has not yet started its commercial operations and hence Profit & Loss account for the year has not been prepared.
2. 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.
3. Balances of loans and advances, creditors and other receivables and payables are subject to confirmation from respective parties.

## 5. RELATED PARTY INFORMATION

The company has transaction with following related parties

### a) Key Management Personnel

FARUKH VALIBHAI POONAWALA  
FATIMA FARUKH POONAWALA

Name of Party	Nature of relationship	Nature of Transaction	Transaction during the year	Balance at the end of the year
FARUKH VALIBHAI POONAWALA	DIRECTOR	LOAN TAKEN LOAN REPAYD	Rs. 848000 Rs. 500000	Rs. 19904640
FATIMA FARUKH POONAWALA	DIRECTOR	LOAN TAKEN LOAN REPAYD	Rs. 280000 Rs. 350000	Rs. 5120659

- 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.
- Previous year's figures have been re-grouped & rearranged wherever necessary to make them comparable with current year's figures.
- 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: 31/08/2011

**FOR RIVER FRONT HOTELS LIMITED**

DIRECTORS  
PLACE: SURAT  
DATE: 31/08/2011

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

PARTICULARS		AMOUNT
<b>I</b>	<b>Registration Details</b>	
CIN No.		LSS100GJ1991PLC016766
State Code		GJ
Balance Sheet date		31 <sup>st</sup> March 2011
<b>II</b>	<b>Capital raised during the year</b>	
Public Issue		0
Bonus Issue		0
Right Issue		0
Private Placement		0
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities		73,387,172
Total Assets		73,387,172
<b>Sources of Funds</b>		
Paid up Capital		30,746,300
Reserves & Surplus		0
Secured Loans		17,615,573
Unsecured Loans		25,025,299
Deferred Tax Liability (Net)		0
<b>Application of Funds</b>		
Net fixed assets (incl. Capital work in progress)		73,684,168
Investments		1,000
Foreign Currency Monetary Item Translation Difference		0
Long Term Deposits		0
Net Current Assets		-297,996
Miscellaneous Expenditure		0
Accumulated Losses		0
<b>IV</b>	<b>Performance of the Company</b>	
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
<b>V</b>	<b>Generic Names of Three Principal Products of Company</b>	
The Company is in the business of hoteliering and catering & timeshare.		

PLACE: SURAT

FOR RIVER FRONT HOTELS LIMITED

DATE: 31/08/2011

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 Twentieth Annual General Meeting of the Company to be held at registered office of the Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Friday, 30<sup>th</sup> September 2011, 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 Twentieth Annual General Meeting of the Company to be held at registered office of the  
Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Thursday, 30<sup>th</sup> September 2011, at  
11.00 a.m. and at any adjournment thereof.

Signed this ..... Day of ..... 2011.

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.**