

RIVER FRONT HOTELS LIMITED

18TH ANNUAL REPORT

2008-2009

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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
Canara Bank

REGISTERED OFFICE :

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

NOTICE

NOTICE is hereby given that the Eighteenth 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, 29th September 2009, 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, 2009 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: 05/09/2009****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 Eighteenth Annual Report for the year ended on 31st March, 2009.

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 judgements 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: 05/09/2009****DIRECTOR**

ANNEXURE TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE, DEVELOPMENT & OUTLOOK

Business in the hotel and hospitality sector, like few other manufacturing sectors, is cyclical in nature. Any significant change in the economy directly affects the sector. The overall tourism activities in India till financial year ended 31st March, 2008 had been healthy in line with the booming economy.

In the beginning of 2008, economies of US and some other developed countries started to witness severe slowdown and financial crisis. As far as Indian economy is concerned it was generally considered that the Indian economy would be relatively immune to this crisis because of its "strong fundamentals" and apparently well-regulated banking system. However, with the beginning of FY 09, the major economies in Europe and Japan also started declining, giving out strong signals of global financial and economic crisis. Later, fast growing countries like India and China were also affected by the heat and ripple effects of the global crisis. Consequently, the growth rate of gross domestic product has dipped from an average of over 9% in the previous three fiscal years to less than 7% during 2008-09. In short, the economies around the world including Indian economy witnessed one of the severest crisis in financial sector, depressed business confidence and slow-down in demand of goods and services.

The hotel sector, which is a significant stakeholder of the Indian tourism sector, also witnessed the effect of the global crisis. The Financial year 2007-08 had been a buoyant year for the sector as it benefited extensively from the growth of the country's economic activities. In the Financial Year 2008-09, the effects of the global economic meltdown and downturn of the Indian economy were visible on the tourism sector. Foreign tourist arrivals during the year under review indicated moderate growth. Many domestic companies had drastically reduced their conferences/conventions and business trips in order to fight recession. Consequently, the occupancy rates declined by more than 10-15% across the premium segment of hotels in the year 2008-09. In addition to the impact of global economic crisis, the business environment in tourism sector in India was worsened further by the terrorist attacks in Mumbai. The attack had a direct impact on this sector since it had targeted premium category hotels and foreigners. The period October-February being the peak time for the tourism sector in India, the terrorist attack caused substantial loss of revenue to the hotel industry.

The 'Incredible India' campaign, launched by the Government in 2002 as an integrated marketing and communication effort to promote India as a destination across the world is considered to be one of the most successful initiatives. The Ministry of Tourism has promoted several tourism driving concepts like Rural Tourism, Eco Tourism, Adventure Tourism, Medical Tourism, Cruise Tourism etc to boost the sector. The Union Budget 2008-09 has provided for five-year income tax holiday to certain star category hotels to be established in specified districts, which have been declared as "World Heritage Sites" by United Nations Educational, Scientific and Cultural Organization (UNESCO). Tourism is an integral part of any economy. This sector being labour intensive, provides huge employment opportunities and contribute substantial amount of foreign exchange.

As per "Indian Tourism Industry Analysis", India is expected to see an influx of 10 million international tourists by 2010. India's share in global tourism is expected to reach 1.5% by 2010. According to World Travel and Trade Council (WTTC) estimates, India's tourism demand is likely to grow at an average rate of 8.8% till 2013. The growth in India's tourism market is expected to serve as a boon, driving the growth of hotel industry as well.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

India's rich heritage, diverse culture, cuisine etc. untapped market offer tremendous opportunities in tourism, hotel and hospitality sector. The Management's efforts in saving the usage of energy, natural resource, operating environment friendly hotels create huge scope in this field.

The major barriers for entry in the hotel sector are procedural delays, multiple window clearance, high capital costs, poor infrastructure facilities and scarcity of land especially in the metros resulting in sky rocketing prices of the land. Competition is intense in metro cities which is also slowly picking up in secondary cities due to the entry of foreign hotel chains.

Any change in Indian and global economies, change in demand supply situation, change in Government policies and security threats may affect the future of the hotel industry.

Besides, factors like high labour turnover, shortage of trained and skilled manpower, poor infrastructure and communication facilities, political instability, social unrest, natural calamities, spread of diseases like plague, bird flu, swine flu etc. may pose serious risk to the prospects of hotel sector.

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. 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: 05/09/2009

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 chairman ship) 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 2008-2009, twelve Board meetings were held on 19th April 2008, 24th May 2008, 19th July 2008, 22nd August 2008, 05th September 2008, 20th September 2008, 18th October 2008, 08th November 2008, 12th December 2008, 17th January 2009, 07th February 2009 and 21st March 2009. 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 network 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 six meetings of Audit Committee were held on 19th May 2008, 24th May 2008, 19th July 2008, 18th October 2008, 17th January 2009 and 21st March 2009.

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 31st May, 2008.

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, 2009 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-2005-2006 AGM	FY-2006-2007 AGM	FY-2007-2008 AGM
Date	30th September, 2006	29th September, 2007	29th September, 2008
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 30th September 2006 and 29th September 2007 and 29th September 2008.

DISCLOSURES:

Managing Director Certification:

The Managing Director and Director have given a certificate to the Board as contemplated in Clause 49 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. 18th Annual General Meeting

Date : 29th September, 2009

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 2008 –2009

Audited 1st quarter Results (June 30, 2009)

Sending/Mailing of Annual Report

Annual General Meeting

Audited 2nd quarter Results (September 30, 2009)

Audited 3rd quarter Results (December, 31, 2009)

Audited 4th quarter Results (March 31, 2010)

* (B M) – Board Meeting Date

23rd May, 2009(B M)*

18th July, 2009

On or before 30th August, 2009

29th September, 2009

By 16th October, 2009 (B M)*

By 23rd January, 2010 (B M)*

By 30th April, 2010 (B M)*

3. Dates of book closure: from 18th September, 2009 to 29th September, 2009 (both days inclusive).

4. Dividend payment date for Dividend 2008-2009

-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.

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7. Distribution of Shareholdings as on 31st March, 2009.

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, 2009.

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, 2009, 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 : 05/09/2009

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, 2009 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: 05/09/2009

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**HITEN PARIKH
PARTNER
M. NO. 40230**

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, 2009 and the Cash Flow Statement for the year ended on that dated 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 2009 as it has not commenced commercial activity instead a statement of preoperative expenditure is prepared and incorporated to Balance Sheet as at 31st March 2009.
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, 2009 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, 2009 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, 2009.
- ii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

PLACE – AHMEDABAD

DATE – 05/09/2009

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**HITEN PARIKH
PARTNER
M. NO. 40230**

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

- i) a) The company is generally maintaining proper records showing full particulars, including details of quantity & the situation of the fixed assets on the basis of available information.
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, 2009 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

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- viii) According to the information and explanation given to us, the company has not defaulted in repayment of dues to the financial institution.
- 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: 05/09/2009

HITEN PARIKH
PARTNER
M. NO. 40230

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BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	S C H	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)	AS AT 31-03-2008 (Rupees)
(A) SOURCES OF FUND					
1 <u>Shareholder's Fund</u>					
a) Share capital	1	30,746,300		30,746,300	
b) Reserves and surplus		0	30,746,300	0	30,746,300
2 <u>Loan Funds</u>					
a) Secured Loans		0		0	
b) Unsecured Loans	2	24,747,299	24,747,299	24,747,299	24,747,299
<u>CAPITAL EMPLOYED</u>			55,493,599		55,493,599
(B) APPLICATION OF FUNDS					
1 Gross Block	3	8,065,199		8,065,199	
Less : Depreciation		226,740		207,845	
		7,838,459		7,857,354	
Capital Work-in Progress (Including Capital Advances)		42,586,533	50,424,992	42,545,166	50,402,520
2 <u>Investment</u>	4		1000		1000
3 <u>Current Assets, Loans & Advances</u>					
a) Inventories		0		0	
b) Sundry Debtors		0		0	
c) Cash & Bank Balances	5	3,634		3,634	
d) Loans & Advances	6	6,768,994		6,768,994	
		6,772,628		6,772,628	
<u>Less: Current Liabilities & Provisions</u>					
a) Current Liabilities	7	1,705,021		1,682,549	
b) Provisions		0		0	
		1,705,021		1,682,549	
<u>Net Current Assets</u>			5,067,607		5,090,079
4 <u>Miscellaneous Expenditure</u> (To the extent not written off)			0		0
<u>EMPLOYMENT OF CAPITAL</u>			55,493,599		55,493,599

Notes forming part of accounts

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FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

FOR RIVER FRONT HOTELS LIMITED

HITEN PARIKH
PARTNER
M. NO. 40230
PLACE: AHMEDABAD
DATE: 05/09/2009

DIRECTORS
PLACE: SURAT
DATE: 05/09/2009

RIVER FRONT HOTELS LIMITED

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CASH FLOW STATEMENT

(Rupees)

PARTICULARS	Year Ended	
	31/03/2009	31/03/2008
A CASH FLOW FROM OPERATING ACTIVITIES:	0	0
Net profit before tax and extraordinary items		
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 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	22472	20316
Trade Payables	0	0
Cash generated from operations	0	0
Direct taxes paid (Net of refunds)	22472	20316
Net cash from operating activities	-22472	-20407
B CASH FLOW FROM INVESTING ACTIVITIES:	0	0
Purchase of Fixed Assets (including Capital Work in Progress and capital advances)	0	0
Sale Proceeds of Fixed Assets	0	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	-22472	-20407
C CASH FLOW FROM FINANCING ACTIVITIES:	0	4053307
Proceeds from long term borrowings	0	-4053307
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
Net cash used in financing activities	0	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3634	3725
CASH AND CASH EQUIVALENTS AS AT 01.04.2008 (Opening Balance)	3634	3634
CASH AND CASH EQUIVALENTS AS AT 31.03.2009 (Closing Balance)		

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SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As at 31-03-2009 (Rupees)	As at 31-03-2008 (Rupees)
SCHEDULE – 1 SHARE CAPITAL		
<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	23,609,947	23,609,947
From Shareholders	1,137,352	1,137,352
Total	24,747,299	24,747,299

SCHEDULE – 3 FIXED ASSETS								
Sr. No	Assets	Gross Block		Depreciation			Net Block	
		Opening balance as at 01-04-08 (Rupees)	Total as at 31-03-09 (Rupees)	Up to 31-03-08 (Rupees)	For the year (Rupees)	Total as at 31-03-09 (Rupees)	As at 31-03-09 (Rupees)	As at 31-03-08 (Rupees)
1	Land	7,749,420	7,749,420	0	0	0	7,749,420	7,749,420
2	Vehicle	1,400	1,400	1,089	99	1,188	212	311
3	Office Equipments	69,890	69,890	36,520	3,320	39,840	30,050	33,370
4	Furniture & Fixture	244,489	244,489	170,236	15,476	185,712	58,777	74,253
	Total	8,065,199	8,065,199	207,845	18,895	226,740	7,838,459	7,857,354
5	Capital WIP (Refer Note below)						42,586,533	42,545,166
	Grand Total						50,424,992	50,402,166
	Note: Capital Work in Progress represents							
	a) Pre-Operative Expense						21,571,807	(21,530,440)
	b) Advance For Capital Expenditure						3,191,456	(3,191,456)
	c) Furniture & Fixtures						2,125,812	(2,125,812)
	d) Electric Fittings						301,962	(301,962)
	e) Building Construction						15,395,496	(15,395,496)

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SCHEDULE - 4 INVESTMENTS

UNQUOTED

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
[Maximum balance o/s at any time during the year Rs. 958/-]
(P.Y. Rs. 958/-)

	958	958
Cash on hand	2,676	2,676
Total	3,634	3,634

SCHEDULE - 6 LOANS AND ADVANCES

(Unsecured, considered good)
Advances recoverable in cash or in kind or for value to be received
Deposit

	6,701,554	6,701,554
	67,440	67,440
Total	6,768,994	6,768,994

SCHEDULE - 7 CURRENT LIABILITIES

Creditors for capital expenditure
Creditors for expenses

	1,315,823	1,315,823
	389,198	366,726
Total	1,705,021	1,682,549

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. PRE-OPERATIVE EXPENDITURE

Pre-operative expenses are carried forward and will be allocated to suitable heads of fixed assets on commencement of commercial operation

F. 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. Balance of Loans & Advances is non -moving since last 9 years.
6. 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.
7. Previous year's figures-have been re-grouped & rearranged wherever necessary to make them comparable with current year's figures.
8. 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**

FOR RIVER FRONT HOTELS LIMITED

**HITEN PARIKH
PARTNER
M. NO. 40230
PLACE: AHMEDABAD
DATE: 05/09/2009**

**DIRECTORS
PLACE: SURAT
DATE: 05/09/2009**

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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 2009
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)	50,424,992
Investments	1000
Foreign Currency Monetary Item Translation Difference	0
Long Term Deposits	0
Net Current Assets	5,067,607
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: 05/09/2009

DIRECTOR

RIVER FRONT HOTELS LIMITED

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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 Eighteenth Annual General Meeting of the Company to be held at registered office of the Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Tuesday, 29th September 2009, 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 Eighteenth Annual General Meeting of the Company to be held at registered office of the
Company at Landmark, Opp. Dutch Gardens, Nanpura, Surat, on Tuesday, 29th September 2009, at
11.00 a.m. and at any adjournment thereof.

Signed this Day of2009.

Please affix
Re.1 Revenue
Stamp here

** Applicable for investors holding shares in electronic form.

Signature

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.

REGISTERED OFFICE

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