

FOMENTO RESORTS AND HOTELS LTD.

28TH ANNUAL REPORT

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FOMENTO RESORTS AND HOTELS LIMITED

BOARD OF DIRECTORS

MRS. ANJU TIMBLO, *Managing Director*

MR. AUDUTH TIMBLO

MR. K. K. PAI

MR. RAVINDER NARAIN

MR. V. P. RAIKAR

MR. VIJAY KALANTRI (*Nominee of I.D.B.I.*)

MRS. SHEELA GAUNEKAR

MR. PRASHANT TIMBLO

MR. SHARDUL THACKER

SECRETARY

MR. I. B. MUCHANDI

AUDITORS

H. K. APARANJI

Chartered Accountants

BANKERS

THE UNITED WESTERN BANK LTD.

REGISTERED OFFICE

CIDADE DE GOA BEACH RESORT,
VAINGUINIM BEACH,
GOA 403 004.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FOMENTO RESORTS & HOTELS LTD. WILL BE HELD ON THURSDAY 30TH SEPTEMBER, 1999, AT 04:00 P.M. AT THE CONFERENCE HALL, CIDADE DE GOA BEACH RESORT, VAINGUINIM BEACH, GOA 403 004, TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the financial year ended 31st March, 1999 together with the Directors Report and the Auditors Report thereon.
2. To appoint a Director in place of Mr. K.K. Pai, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ravinder Narain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prashant Timblo, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

RESOLVED that Shri. Shardul Thacker be and is hereby appointed as Director of the Company and liable for retirement by rotation.

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NOTES:

- A. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.**
- B. The explanatory statements as required by the provision of Section 173 of the Companies Act, 1956, setting out the material facts in respect of the item of SPECIAL BUSINESS mentioned above are attached hereto.
- C. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- D. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting, so that the information required by the members may be made available at the time of meeting.
- E. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report and hand over the same at the entrance of the hall, duly signed.
- F. In pursuance to Section 154 of the Companies Act, 1956 the Register of Members and share transfer books of the company shall remain closed from 16th Sept'99 to 30th Sept 99' (both days inclusive) for the purpose of Annual General Meeting.

By order of the Board of Directors

I.B.MUCHANDI
Company Secretary

Encl : Explanatory Statements
Place: Vainguinim Beach, Goa
Date : 28th August, 1999

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EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 the following statement sets out the material facts relating to item No. 6 mentioned in the accompanying Notice dated 28th August 1999.

ITEM NO.6

Shri. Shardul Thacker was appointed as additional Director, who holds office till the date of ensuing Annual General Meeting. One of the Member has proposed his name for appointment as Director and given the notice required under Section 257 of the Companies Act, 1956.

Therefore this Resolution is proposed. None of the Directors of the Company are interested or concerned in the passing of the said Resolution.

By order of the Board of Directors
Sd/-

I.B.MUCHANDI
Company Secretary

Place: Vainguinim Beach, Goa.
Date: 28th August, 1999



Pomento Resorts and Hotels Limited**DIRECTORS REPORT**

To The Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :

	For the year ended 31/03/99 Rs.in Lacs	For the year ended 31/03/98 Rs.in Lacs
Income	2306.50	2198.14
Operating Expenses	1768.00	1678.83
Gross Operating Profit	538.50	519.31
Less Interest	244.31	264.35
Depreciation	155.66	149.46
Prior Period charges	7.45	12.31
Profit before tax	131.08	93.19
Less provision for tax	13.58	--
Profit after tax	117.50	--
Add Deficit (-) brought forward from the previous year.	(-) 130.91	(-) 224.11
Deficit (-) carried to Balance Sheet	(-)13.41	(-)130.92

2. OPERATIONS

Company's Turnover for the year ended is Rs.2307 lacs as against Rs.2198 lacs in the previous year. Thus recording an increase of 5% despite general slackness in the industry. Gross operating profit modestly increased from Rs. 519 lacs to Rs. 538 lacs.

The Company is in continuous process of product improvement to remain contemporary, which is of special relevance in view of new properties being opened during the forthcoming season.

Company has also completed certain preliminaries to renovate the property in respect of Public Areas, F&B outlets and Rooms in the Garden Wing.

Taking into account the difficult economic conditions faced by the Industry and emerging competitive scenario the company is constantly reviewing various revenue and costs options, to fine tune operations for optimum results amidst personalised high standards of service.

3. APPRECIATION FOR FINANCIAL INSTITUTIONS AND BANKS

The Company would like to express its appreciation for the support and assistance rendered during the year by the Financial Institutions and Banks namely :-

1. The Industrial Finance Corporation of India Ltd.
2. Industrial Development Bank of India.

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3. Tourism Finance Corporation of India Ltd.
4. ICICI Ltd.
5. The United Western Bank Ltd.
6. State Bank of India.
7. The Saraswat Co-operative Bank Ltd.

4. FOREIGN EXCHANGE EARNINGS AND OUT GO

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of particulars in the report of Board of Directors) Rules 1988, the information relating to foreign exchange earnings and outgo is given in the Notes to the Profit & Loss Account and Balance Sheet.

5. DIRECTORS

Mr. K.K. Pai and Mr. Ravinder Narain, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for appointment.

During the year Mr. P. Rameshakumar ceased to be Director. The Board place on record its appreciation for the valuable services rendered by Mr. P. Rameshakumar during his tenure on the Board.

6. AUDITORS

At the Annual General Meeting, the members are required to appoint the Auditors for the current year and fix their remuneration.

7. PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

8. SUBSIDIARY

During the year Mormugao Maritima Ltd. has become subsidiary of your company by amending their Articles of Association your company is empowered to control composition of their Board of Directors.

9. YEAR 2000 COMPLIANCES

Your company has taken necessary steps and confirm that all equipment / software installed are Y2K Compliant.

10. EMPLOYEES

Your Directors are pleased to record their appreciation of the devotion and sense of commitment shown by the employees at all levels in the organisation.

11. ACKNOWLEDGEMENT

Board of Directors gratefully acknowledge the support and goodwill extended by Government of Goa, Central Government, Financial Institutions, Commercial Banks, Tour Operators, Travel Agents, Valued Guests and esteemed Shareholders.

For and on behalf of the Board of Directors

Sd/-

ANJU TIMBLO
MANAGING DIRECTOR

Place : Vainguinim Beach, Goa.

Date : 28th August, 1999.

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AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of FOMENTO RESORTS AND HOTELS LIMITED, as at 31st March, 1999 and also the annexed Profit & Loss Account of the year ended for that date, and report that:

1. As required by the Manufacturing and other Companies (Auditor's) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books;
 - c) The Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner required and give a true and fair view.
 - (1) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and;
 - (2) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For H. K. APARANJI
CHARTERED ACCOUNTANTS

MOHAN B. PYATI
PARTNER

Place : Margao, Goa.
Date : 28th August, 1999

ANNEXURE

STATEMENT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF FOMENTO RESORTS AND HOTELS LIMITED.

1. Fixed assets register including quantitative details and situation of fixed assets and allocation of depreciation to individual assets is to be updated. We have been informed that physical verification of fixed assets was carried out during the year by the management and no significant discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of stores, spare-parts, operating supplies, food and beverages have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification adopted by the company needs to be further strengthened considering the nature of business and size of the company.
5. The discrepancies noticed on verification between the physical stock and book records were not material, having regard to the size of the operation of the company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The loans taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956 are unsecured and free of interest without any stipulation as to repayment and are *prima facie* not prejudicial to the interest of the company.
8. No loans have been granted to companies, firms or the other parties listed in the register maintained under Section 301 except advances in the nature of loan given to the subsidiary company amounting to Rs. 801 lacs which includes interest of Rs. 78 lacs on advances of Rs. 492 lacs. We are unable to express our opinion on the same as there are no stipulation as to the repayment of principle as well as interest.
9. In respect of other loans and advances in the nature of loans, the company has given loan to the tune of Rs. 57 lacs to a Private Limited Company. We are unable to express our opinion on the same as there is no stipulation as to the interest and repayment of the principle. Further, Loans and advances in the nature of loans have been given to the employees free of interest and except in few cases they are repaying the amount as stipulated. We are informed that adequate steps have been taken for timely recovery.
10. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores and operating supplies, food and beverage, plant and machinery, equipment and other assets and for the sale of goods.
11. As far as we have been able to ascertain and according to the information and explanation given to us, the company has not entered into any transaction for purchase of stores, operating supplies, food and beverage and other material for repairs and maintenance made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 and aggregating during the period to Rs.50,000/- or more. Regarding sale of goods and services made in

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pursuance of contract for arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 aggregating during the Period to Rs.50,000/- or more in respect of each party they have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services.

12. As explained to us, the company has regular procedure for the determination of unserviceable and damaged stores, operating supplies, food and beverages, and adequate provisions for the loss has been made in the accounts.
13. To the best of our knowledge and according to the information and explanations given to us the company has not accepted any deposits from the public as defined under section 58A of the Companies Act, 1956 and the rules framed thereunder during the period under review.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap. The company has no by-products.
15. In our opinion the company has an internal audit system commensurate with size of the company and the nature of its business.
16. The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the company.
17. According to records of the company, Provident Fund and Employees State Insurance dues have been generally regularly deposited with the appropriate authorities though there have been marginal delays in few cases.
18. According to the information and explanation given to us, no personal expenses of the employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with the generally accepted business practice.
19. According to information and explanation given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1999 for a period for more than six months from the date they became payable.
20. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In our opinion, the Company has a reasonable system of recording receipt, issues and consumption of material and stores, commensurate with the size and nature of its business.
22. There is reasonable system of authorisation at proper levels with necessary control on the issue of stores and the allocation of the same to the operating departments. The system of internal control is, in our opinion, commensurate with the size of the company and the nature of its business.

for H. K. APARANJI
CHARTERED ACCOUNTANTS

MOHAN B. PYATI
PARTNER

Place : Margao, Goa.
Date : 28th August, 1999.