

FOMENTO RESORTS AND HOTELS LTD.

29TH ANNUAL REPORT

1999
2000



Fomento Resorts and Hotels Limited

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
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.

Twenty Ninth Annual Report 1999-2000**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FOMENTO RESORTS & HOTELS LTD. WILL BE HELD ON SATURDAY 30TH SEPTEMBER, 2000, 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, 2000 and the Profit & Loss Account for the financial year ended 31st March, 2000 together with the Directors Report and the Auditors Report thereon.
2. To appoint a Director in place of Mr. V.P. Raikar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Auduth Timblo, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Sheela Gaunekar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

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. 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.

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- C. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary atleast seven days before the date of the meeting, so that the information required by the members maybe made available at the time of meeting.
- D. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report and handover the same at the entrance of the hall, duly signed.
- E. In persuance 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 2000 to 30th Sept 2000 (both days inclusive) for the purpose of Annual General Meeting.

By order of the Board of Directors

Sd/-

I.B.MUCHANDI
Company Secretary

Place: Vainguinim Beach, Goa.

Date : 28th August, 2000



Twenty Ninth Annual Report 1999-2000**DIRECTORS REPORT**

To The Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :

	For the year ended 31/03/00 Rs.in Lacs	For the year ended 31/03/99 Rs.in Lacs
Income	2004.21	2306.50
Operating Expenses	1605.20	1768.00
Gross Operating Profit	399.01	538.50
Less Interest	177.15	244.31
Depreciation	159.83	155.65
Prior Period charges	23.64	6.91
Profit before tax	38.39	131.63
Less provision for tax	6.49	14.12
Profit after tax	31.90	117.51
Add Deficit (-) brought forward from the previous year.	(-) 13.41	(-) 130.92
Deficit (-) carried to Balance Sheet	18.49	(-)13.41

2. OPERATIONS

Company's Turnover for the year was Rs. 2004 lacs as against Rs. 2306 lacs in the previous year. Thus recording decrease of 10% because of general slackness in the industry. Gross operating profit decreased from Rs. 538 lacs to Rs. 399 lacs.

Hospitality industry continued to be under pressure during the year under review. During the year new properties have commenced operation. As a result of excess availability of hotel and resort rooms, tour operators have taken advantage to bargain for lower rates. Existing multiple taxation takes away big chunks of revenue. Electricity and water tariffs have jumped up in this year. Therefore hotel industry will continue to be facing a difficult situation. Your Company is taking various steps to reposition itself to face the situation and also taking up with concerned authorities to view tourism favourably.

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.
3. Tourism Finance Corporation of India Ltd.
4. Industrial Credit and Investment Corporation of India Ltd.

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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 out go is given in the Notes to the Profit & Loss Account and Balance Sheet.

5. DIRECTORS

Mr. V.P. Raikar, Mr. Auduth Timblo and Mrs. Sheela Gaunekar, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for appointment.

Mr. Vijay Kalantri ceased to be Director on withdrawal of nomination by IDBI. The Board placed on record its appreciation for the valuable services rendered by Mr. Vijay Kalantri during his tenure on the Board.

6. AUDITORS

Auditors report and notes to accounts are self explanatory.

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. continued to be subsidiary of your company.

9. YEAR 2000 COMPLIANCES

The company has had a smooth transition for Y2K and all systems / equipments are functioning normally. Looking ahead, the Directors see no material / financial impact arising from Y2K issue.

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, 2000.

Twenty Ninth Annual Report 1999-2000**AUDITOR'S REPORT TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of FOMENTO RESORTS AND HOTELS LIMITED, as at 31st March, 2000 and also the annexed Profit & Loss Account of the year ended on 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 subject to note no.3 of notes forming part of accounts in respect of quantitative details of turnover etc and read together with other 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, 2000 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, 2000

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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 *prime 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. 983 lacs which includes interest of Rs. 120 lacs for the year under review. 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. 58 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, 2000 for a period of 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, 2000.

Fomento Resorts and Hotels Limited**BALANCE SHEET AS AT 31ST MARCH 2000**

	SCHEDULES	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
I. SOURCES OF FUNDS			
SHARE HOLDERS FUND			
(a) SHARE CAPITAL	A	160,000,000.00	160,000,000.00
(b) RESERVES & SURPLUS	B	4,995,550.97	3,146,625.00
		<u>164,995,550.97</u>	<u>163,146,625.00</u>
LOAN FUNDS			
(a) SECURED LOANS	C	165,539,618.32	168,248,585.86
(b) UNSECURED LOANS	D	129,496,372.91	127,923,872.91
		<u>295,035,991.23</u>	<u>296,172,458.77</u>
TOTAL		<u>460,031,542.20</u>	<u>459,319,083.77</u>
II. APPLICATION OF FUNDS			
(a) FIXED ASSETS			
GROSS BLOCK	E	411,017,790.92	406,229,401.39
LESS : DEPRECIATION		111,958,902.75	96,091,827.49
NET BLOCK		<u>299,058,888.17</u>	<u>310,137,573.90</u>
CAPITAL WORK IN PROGRESS		8,094,013.46	7,913,557.46
(b) INVESTMENTS	F	10,000.00	10,000.00
(c) CURRENT ASSETS, LOANS & ADVANCES			
(i) INVENTORIES	G	16,051,347.92	14,670,246.88
(ii) SUNDRY DEBTORS	H	22,055,107.61	21,636,200.41
(iii) CASH & BANK BALANCES	I	15,532,228.83	18,970,435.98
(iv) OTHER CURRENT ASSETS	J	421,783.00	773,770.00
(v) LOANS & ADVANCES	K	138,011,335.69	119,709,695.04
		<u>192,071,803.05</u>	<u>175,760,348.31</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
(i) LIABILITIES	L	34,035,571.04	31,149,895.64
(ii) PROVISIONS	M	5,167,591.44	6,664,125.61
		<u>39,203,162.48</u>	<u>37,814,021.25</u>
NET CURRENT ASSETS		<u>152,868,640.57</u>	<u>137,946,327.06</u>
MISCELLANEOUS EXPENDITURE	N	—	1,970,356.51
PROFIT & LOSS ACCOUNT		—	1,341,268.84
TOTAL		<u>460,031,542.20</u>	<u>459,319,083.77</u>
NOTES ON ACCOUNTS	V	—	—
SCHEDULE 'A' TO 'V' FORM INTEGRAL PART OF ACCOUNTS AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF BOARD OF DIRECTORS			
FOR H.K. APARANJI CHARTERED ACCOUNTANTS	ANJU TIMBLO MANAGING DIRECTOR	DIRECTOR	
MOHAN B. PYATI PARTNER	I.B. MUCHANDI COMPANY SECRETARY		
PLACE : MARGAO GOA. DATED : 28th AUGUST, 2000	PLACE : VAINGUINIM BEACH, GOA. DATED : 28th AUGUST, 2000		