

FOMENTO RESORTS AND HOTELS LTD.

32ND ANNUAL REPORT

2002 2003



GOA IN A RESORT

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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
MR. P.G. KAKODKAR

SECRETARY

MR.I.B. MUCHANDI

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AUDITORS

H.K. APARANJI
Chartered Accountants

BANKERS

THE UNITED WESTERN BANK LTD.

REGISTERED OFFICE

CIDADE DE GOA
VAINGUINIM BEACH,
GOA - 403 004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF FOMENTO RESORTS & HOTELS LTD. WILL BE HELD ON TUESDAY 30TH SEPTEMBER, 2003, AT 04.00 P.M. AT THE GRANDE SALA, CIDADE DE GOA, VAINGUINIM BEACH, GOA 403004, TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the financial year ended 31st March, 2003 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 Mrs. Sheela Gaunekar, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. V.P. Raikar, 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 pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mrs. Anju Timblo, as the Managing Director of the Company for a period of five years with effect from 1st May 2003, on the following terms and conditions.

1. Salary of Rs.75000/- (Rupees Seventy Five Thousand Only) per month in the graded scale of 75000 – 5000 – 95000.
2. Perquisites : Perquisites shall be restricted to an amount equal to the annual salary or Rs.3,00,000/- per annum, whichever is less. Perquisites are classified into three categories. Part A, Part B and Part C as follows :

Fomento Resorts and Hotels Limited**PART "A"**

- (i) Medical Reimbursement: Expenses incurred for the Managing Director and her family subject to a ceiling of one month's salary in a year or three months salary over a period of 3 years.
- (ii) Leave Travel Concession: For the Managing Director and her family not exceeding Rs.75000/- per annum.
- (iii) Club Fees: Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (iv) Personal Accident Insurance: Premium not to exceed Rs.1,000/- per annum. For the purpose of this part "Family" means the spouse, the dependent children and dependent parents of the Managing Director.
- (v) Earned / Privilege Leave: Leave on full pay and allowance as per the rules of the Company but not exceeding one month's leave for every eleven months of service as Managing Director subject to the condition that the leave accumulated but not availed of will not be allowed to be encashed.
- (vi) She shall also be entitled to the reimbursement of all expenses actually and properly incurred by her for or in connection with the company's business.
- (vii) Such other benefits, amenities and privileges as may be available to other Officers of the Company.

PART "B"

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs.3,00,000/-.

PART "C"

Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the Managing Director.

*Thirty Second Annual Report 2002-2003***OTHERS**

- (a) She shall also be entitled to the reimbursement of all expenses actually and properly incurred by her for or in connection with the company's business.
- (b) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs.3,00,000/-.

"RESOLVED FURTHER THAT subject to the approval of the Central Government wherever required under Section 309 read with Section 198 and other applicable provisions, if any, or the Companies Act, 1956 the aforesaid remuneration and perquisites shall be paid to Mrs. Anju Timblo as minimum remuneration from 1st June, 2003 till 31st May, 2008 notwithstanding that in any financial year of the Company during her term of office, the company may not have made any profits or its profits may be inadequate.

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.
- 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 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.
- 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 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'03 to 30th Sept'03 (both days inclusive) for the purpose of Annual General Meeting.

By order of the Board of Directors

I.B. MUCHANDI
Company Secretary

Place : Vainguinim Beach, Goa.
Date : 28th August, 2003

Fomento Resorts and Hotels Limited**Details of the Directors seeking appointment / reappointment in Annual General Meeting fixed for 30th September, 2003**

Name of Director	Mr. K.K. Pai	Mrs. Sheela Gaunekar	Mr. V.P. Raikar
Date of Birth	26.06.1921	03.12.1939	20.05.1929
Date of Appointment	07.09.1981	29.03.1995	30.05.1992
Expertise in specific functional areas	Banking	Chartered Accountant	Business Executive
Qualification	B.Com, FCA		Matriculate
List of outside Directorship held	1. ICDS Ltd. 2. MPL Finance & Leasing Co. Ltd. 3. Sharath Impex Co. Pvt. Ltd. 4. Manipal Media Network Ltd. 5. Canara Land Investment Ltd. 6. Chemicon Pvt. Ltd. 7. United News of India. 8. Canara Workshops Ltd. 9. Sacred Hospitality Co. Pvt. Ltd.	1. HMN Gaunekar Professional Services Pvt. Ltd.	1. Maina Ore Transport Pvt. Ltd. 2. Hardesh Ores Pvt. Ltd. 3. M.S. Talaulicar & Sons Pvt. Ltd. 4. Fomento (Karnataka) Mining Company Pvt. Ltd. 5. Beverage Enterprises (India) Pvt. Ltd. 6. Goa Plast Pvt. Ltd.
Chairman/Member of the committees of the Board of Directors of the Company.	—	—	—
Chairman/Member of the Committees of Director of Other Companies in which he is a Director			
a) Audit Committee	—	—	—
b) Shareholders Committee	—	—	—
c) Remuneration Committee	—	—	—
d) Compensation Committee	—	—	—

*Thirty Second Annual Report 2002-2003***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 2003.

ITEM NO.6

Mrs. Anju Timblo was appointed as Managing Director by the Board of Directors of the Company in its meeting held on 28th April 2003 for a period of five years with effect 1st June 2003. Her appointment is subject to the approval of the Financial Institutions, wherever necessary, from whom the Company has obtained financial assistance and the Central Government under Section 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956.

Such proposed remuneration and perquisites shall be paid as minimum remuneration to Mrs. Anju Timblo subject to the approval of the Central Government and pursuant to Section 198 read with Section 309 of the Companies Act, 1956 notwithstanding that the Company may not have made any profit or its profits may be inadequate in any financial year during the term of her appointment as such. The Directors therefore, recommend the passing of the resolution at item No.6 of the accompanying notice. Necessary application submitted to the Central Government seeking its approval of her appointment and for the remuneration and perquisites payable to her.

None of the Directors of the Company except Mr. Auduth Timblo, Mr. Prashant Timblo and Mrs. Anju Timblo may be considered to be interested or concerned in the passing of the said resolution.

The notice and explanatory statement may be treated as an abstract of the terms of appointment and payment of the remuneration and perquisites of Mrs. Anju Timblo as a Managing Director of the Company as required to be circulated under Section 302 of the Companies Act, 1956.

By order of the Board of Directors

Sd/-

I.B. MUCHANDI
Company Secretary

Registered Office:

Cidade de Goa,
Vainguinim Beach,
GOA - 403 004.

Fomento Resorts and Hotels Limited**INFORMATION ABOUT THE APPOINTEE**

Mrs. Anju Timblo is graduate in Economics and also Law and is gold medalist. She has been associated with the Company since 1983. She is Managing Director from 1st June 1993.

PAST REMUNARATION RS. 4.23 LAKHS

Job Profile :- To manage affairs of the Company under guidance and supervision of Board of Directors. Looking to the size of the Company, the profile of the appointee, responsibilities shouldered by her, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level appointee in the other companies. Besides the remuneration proposed the Managing Director does not have any other pecuniary relationship.

DIRECTORS REPORT

To The Members,

Your Directors have pleasure in presenting the Thirty Second Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2003.

1.FINANCIAL RESULTS :

	For the year ended 31/03/03 Rs. In Lacs	For the year ended 31/03/02 Rs. in Lacs
Income	1983	1607
Operating Expenses	1573	1634
Gross Operating Profit / Loss	410	(27)
Less Interest	118	(115)
Depreciation	180	(173)
Prior Period charges	25	(5)
Profit / (Loss) before tax	87	(319)
Less provision for tax	-	-
Deferred tax (net)	12	(47)
Profit / (Loss) after tax	75	(366)
Add Surplus (+) / Deficit (-) brought forward from the previous year.	(366)	-
Surplus (deficit) carried to Balance Sheet	(291)	(366)

Company's turnover during the year is Rs.19.83 crores from that of Rs.16 crores of earlier year.

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With the realisation that the International inbound market could be inconsistent performer, increase in focus on the domestic market has dealt in better result. The annexed Management Discussion and Analysis forms a part of this report and covers, amongst others the performance of the company during the financial year as well as outlook in the short term.

2. APPRECIATION

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

1. The United Western Bank Ltd.
2. State Bank of India.
3. HDFC Bank Ltd.

3. 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.

4. DIRECTORS

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

5. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to directors responsibility statement, it is hereby confirmed:

- a. That in the preparation of the annual accounts for the financial year ended March 31, 2003, the applicable Accounting Standards have been followed alongwith proper explanation relating to materials departures;
- b. That the directors had selected such accounting policies and applied them consistently and made judgements and estimates were 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 and Loss account of the company for the year under review;
- c. That the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

Fomento Resorts and Hotels Limited

- d. That the directors had prepared the accounts for the financial year ended March 31, 2003 on a "Going Concern" basis.

6. CORPORATE GOVERNANCE

A report on Corporate Governance alongwith Auditors Report on its compliance is annexed forming part of the Annual Report.

7. AUDITORS

Auditors of the company, M/s. H.K. Aparanji retire and being eligible offer themselves for re-appointment.

8. 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.

9. EMPLOYEES

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

10. ACKNOWLEDGEMENT

Board of Directors gratefully acknowledge the support and goodwill extended by Government of Goa, Central Government, 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 : Vanguinim Beach, Goa.
Date : 28th August, 2003