

# FOMENTO RESORTS AND HOTELS LTD.

## 35th Annual Report 2005 - 2006



CIDADE DE GOA

*Goa in a resort*

*Fomento Resorts and Hotels Limited*

**FOMENTO RESORTS AND HOTELS LTD.**

**BOARD OF DIRECTORS**

MRS. ANJU TIMBLO, *Managing Director*

MR. AUDUTH TIMBLO

MR. K.K. PAI

MR. RAVINDER NARAIN

MR. V.P. RAIKAR

MR. SHARDUL THACKER

MR. P.G. KAKODKAR

MR. JAMSHED DELVADAVALA

MR. NASSER MUNJEE

**SECRETARY**

MR.I.B. MUCHANDI

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**FINANCIAL CONTROLLER**

MR. RAMESH MOORTHY

**AUDITORS**

H.K. APARANJI

Chartered Accountants

**BANKERS**

THE UNITED WESTERN BANK LTD.

**REGISTERED OFFICE**

CIDADE DE GOA

VAINGUINIM BEACH,

GOA - 403 004

*Thirty Fifth Annual Report 2005-2006***NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF FOMENTO RESORTS AND HOTELS LIMITED WILL BE HELD ON SATURDAY 30<sup>th</sup> SEPTEMBER, 2006, 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, 2006 and the Profit and Loss Account for the financial year ended 31st March, 2006 together with the Directors Report and the Auditors Report thereon.
2. Declaration of Dividend.
3. To appoint a Director in place of Mr. K. K. Pai, who retires by rotation and being eligible offers himself 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**

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

6. RESOLVED that Mr. Jamshed Delvadavala, be and is hereby appointed as Director of the Company and liable for retirement by rotation.
7. RESOLVED that Mr. Nasser Munjee, be and is hereby appointed as Director of the Company and liable for retirement by rotation.
8. To consider and if thought fit, to pass with or without modification, the following resolution as Special resolution.

RESOLVED that sitting fees payable to the Directors for attending the meetings of the Board and Committees thereof be increased from Rs.2000/- (Rupees Two Thousand) to Rs. 5000/- (Rupees Five Thousand) permissible fee pursuant to the provisions contained in the first proviso to Section 310 of Companies Act, 1956.

**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 handover 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 16<sup>th</sup> September, 06 to 30<sup>th</sup> September, 06 (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.

*Pomento Resorts and Hotels Limited***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 to 8 mentioned in the accompanying Notice dated 18<sup>th</sup> August, 2006.

**ITEM No. 6.**

The Board of Directors of the Company in its meeting held on 11<sup>th</sup> March 2006, appointed Shri Jamshed Delvadavala as an additional Director, pursuant to provision of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company.

Therefore in terms of Section 260 of the Companies Act, 1956, Mr. Jamshed Delvadavala holds office of Director only upto the forthcoming Annual General Meeting of the Company.

Mr. Jamshed Delvadavala is B.Com, F.C.A and presently practising as Chartered Accountant.

Notice in writing under Section 257 (I) of the Companies Act, 1956, has been received from a member of the Company proposing the candidature of Mr. Jamshed Delvadavala for the office of Director along with a deposit of Rs.500/-

The Members of the Company are hereby informed of the candidature of Mr. Jamshed Delvadavala for the office of Director and this be treated as individual notice to the members of the Company in terms of Section 257 (IA) of the Companies Act, 1956.

None of the Directors of the Company except Mr. Jamshed Delvadavala is concerned or interested in the resolution.

The Board, accordingly, recommends passing of the resolution set out in item no.5.

**ITEM No. 7.**

The Board of Directors of the Company in its meeting held on 11<sup>th</sup> March 2006, appointed Shri. Nasser Munjee as an additional Director, pursuant to provision of Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the Company.

Therefore in terms of Section 260 of the Companies Act, 1956, Mr. Nasser Munjee holds office of Director only upto the forthcoming Annual General Meeting of the Company.

Mr. Nasser Munjee is M. Sc. (ECO), London School of Economics U. K. His entire career has spanned the creation of Financial Institution in India and an abiding interest in the problems of development in an emerging economy.

He is presently on the Board of fourteen public companies and is associated with several other institutions as Chairman (Development Credit Bank, MetroInfrastructure Project Solutions, Global Infrasyss Limited etc.) Advisor (KPMG, India, World Bank: Public Private Infrastructure Advisory Fund etc.), member of several Boards and Trustee (HSBC Asset Management Trust etc.)

He is also on the Board of Governors of Narsee Monjee Institute for Management Studies,

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and is a Founder Member , Himalayan Sky Resorts. He is a member of CII Western Region and Bombay Chamber of Commerce and Industry, Past President and Member of Management Committee. He is Honorary Distinguished Professor, IIT Kanpur.

Notice in writing under Section 257 (I) of the Companies Act, 1956, has been received from a member of the Company proposing the candidature of Mr. Nasser Munjee for the office of Director along with a deposit of Rs.500/-

The Members of the Company are hereby informed of the candidature of Mr. Nasser Munjee for the office of Director and this be treated as individual notice to the members of the Company in terms of Section 257 (IA) of the Companies Act, 1956.

None of the Directors of the Company except Mr. Nasser Munjee is concerned or interested in the resolution.

The Board, accordingly, recommends passing of the resolution set out in item no.5.

**ITEM No. 8.**

Considering the fact that most of the Directors are outstation directors and considering further the high cost of living, the present sitting fee, being too inadequate, is proposed to be increased within the permissible limits of the Act. The proposal to increase the sitting fees as aforesaid would require approval of the Shareholders in the general meeting. Hence, this special resolution. All the Directors except the Managing Director are interested in the resolution.

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By order of the Board of Directors  
Sd/-

**I. B. MUCHANDI**  
**Company Secretary**

Place : Vainguinim Beach, Goa.  
Date : 18<sup>th</sup> August, 2006

*Fomento Resorts and Hotels Limited***Details of the Directors seeking appointment / reappointment in Annual General Meeting fixed (Pursuant to Clause 49(IV) (G) of the listing Agreement)**

Name of Director	Mr. K. K. Pai	Mr. V. P. Raikar
Date of Birth	26.06.1921	20.05.1929
Date of Appointment	07.09.1981	30.05.1992
Expertise in specific functional areas	Expertise in Banking	Business Executive
Qualification	B. Com	Matriculate
List of outside Directorship held	MPL Enterprises Ltd. ICDS Limited Sharath Impex Company (P) Ltd. Canara Land Investments Ltd. CICB Chemicon (P) Ltd.	Maina Ore Transport Pvt. Ltd. Hardesh Ores Pvt. Ltd M. S. Talaulicar & Sons Pvt. Ltd.
Chairman/Member of the Committees of the Board of Director of Other Companies in which he is a Director		
a) Audit Committee	—	—
b) Shareholders Committee	—	—
c) Remuneration Committee	—	—
d) Compensation Committee Shareholding in the Company (No. of Shares).	—	—



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Name of Director	Mr. Jamshed Delvadavala	Mr. Nasser Munjee
Date of Birth	08/02/1948	18.11.1952
Date of Appointment	11/03/2006	11/03/2006
Expertise in specific functional areas	Wide experience in the field of Accountancy, Audit, Management	Expertise in Economics and Infrastructure
Qualification	B.Com., F.C.A.	M.Sc. (Eco), London School of Economics U.K.
List of outside Directorship held		ABB Limited Cummin India Ltd. Development Credit Bank Ltd. Gujrat Ambuja Cements Ltd. HDFC Limited ITDC Cementation Ltd. Maharashtra Airport Dev.Co. Ltd. Mahindra & Mahindra Fiancial Services Limited. Repro India Ltd. Securities trading Corporation of India Ltd. South West Port Ltd. Unichem Laboratories Ltd. Voltas Limited Axa Bharti Life Ins. Co. Ltd.
Chairman/Member of the Committees of the Board of Director of Other Companies in which he is a Director		
e) Audit Committee		Chairman in 1 company Member in 4 Companies
f) Shareholders Committee		Member in 5 Companies
g) Remuneration Committee		Member in 5 Companies
h) Compensation Committee	—	—
Shareholding in the Company (No. of Shares).	—	—

*Fomento Resorts and Hotels Limited***DIRECTORS REPORT****To The Members,**

Your Directors have pleasure in presenting the Thirty Fifth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2006.

**1. FINANCIAL RESULTS :**

	For the year ended 31/03/06 Rs. In Lacs	For the year ended 31/03/05 Rs. In Lacs
<b>Income</b>	3137	3009
Operating Expenses	2405	2014
Gross Operating Profit	732	995
<b>Less :</b>		
Interest	26	25
Depreciation	219	197
Profit before tax	487	773
<b>Less : Provision for tax</b>		
Current	199	61
Deferred (net)	163	(30)
Profit / (Loss) after tax	125	742
Add Surplus / (Deficit) brought forward from the previous year.	613	(129)
Surplus (deficit) carried to Balance Sheet	<b>738</b>	<b>613</b>
<b>APPROPRIATIONS</b>		
(i) General Reserve	12	—
(ii) Dividend	240	—
(iii) Tax on Dividend	34	—
(iv) Available for appropriation	452	613
	<b>738</b>	<b>613</b>

During the Financial year under review, the Company's total revenue was Rs.3137 lakhs which represents marginal increase of 4% compared to the previous year Rs.3009 lakhs.. The operating profit for the year is Rs.732 lakhs as against Rs.995 lakhs previous year.

Main reason for reduction in operating profit is due to repair and refurbishment cost of 100 rooms. To carry out refurbishment part of the hotel was closed. Consequently availability of room nights was reduced by 6000 nights compared to previous year. There is improve-



ment in performance. Average Room revenue during the year is Rs.3760 as against previous year Rs.2901 which is 30% higher.

## **OUTLOOK**

The outlook for 2006-07 is positive. The demand for hotel rooms continues to be encouraging. Barring unforeseen circumstances, Company looks at the current year with confidence. All refurbished room will be ready by October 2006.

## **2. DIVIDEND**

Your Directors are pleased to recommend a dividend of 15% which is Rs.1.5 per equity share of the face value of Rs.10/- each.

## **3. APPRECIATION FOR BANKS**

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.               | 4. ICICI Bank Ltd.      |
| 5. IDBI 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 and Loss Account and Balance Sheet.

## **5. CONSERVATION OF ENERGY**

Directors would like to assure you that every measure is taken to save and conserve energy at all stages of operation which includes regular review of energy generation, consumption and effective control of utilization.

## **6. DIRECTORS**

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

During the year Mrs. Sheela Gaunekar resigned from Directorship with effect from 10<sup>th</sup> August 2005. The Board place on record its appreciation for the valuable services rendered by Mrs. Sheela Gaunekar during her tenure on the Board.

*Fomento Resorts and Hotels Limited***DIRECTORS' 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, 2006, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. That the directors have 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 the year under review;
- c. That the directors have taken proper and sufficient care for 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;
- d. That the directors have prepared the accounts for the financial year ended March 31, 2006 on a "Going Concern" basis.

**1. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges a report on Corporate Governance along with Auditors Certificate on its compliance is annexed forming part of the Annual Report.

**2. AUDITORS**

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

**3. 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.

**4. EMPLOYEES**

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

**5. 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/-

Place : Vanguinim Beach, Goa.  
Date : 18<sup>th</sup> August, 2006

**ANJU TIMBLO**  
**MANAGING DIRECTOR**