

# 39th Annual Report 2009 – 2010



Fomento Resorts and Hotels Ltd  
Cidade de Goa, Vanguinim Beach,  
Goa – 403004, INDIA.  
[www.cidadedegoa.com](http://www.cidadedegoa.com)

## FOMENTO RESORTS AND HOTELS LTD.



## VALUES

❖ **Integrity**

Integrity will go beyond honesty and ethical practices of having the courage of one's convictions and standing up for one's beliefs.

❖ **Openness**

Openness is understood not just as sharing information, thoughts and feelings and being up-front with others but being a good listener, open to other people's views and feedback.

❖ **Respect for others**

God has made all human beings in his image and likeness. Everything we say or do must ensure respect for others and the protection of their dignity.

❖ **Fairness and Justice**

People in the Organization must believe that everyone will be measured with the same yardstick. That rules, regulations, policies and procedures will be applied uniformly. That no matter how firm we are, we will also be fair and just. That no action will be taken or response given unless we hear a person's viewpoint.

❖ **Self discipline**

We must conform to organizational expectations and requirements even though nobody is watching. Nothing ensures discipline like self-discipline. We must walk the talk.

❖ **Honesty**

We must be honest to ourselves and to the Organisation by being committed performers and delivering what we have promised, and what is expected of us.

## FOMENTO RESORTS AND HOTELS LTD.

### BOARD OF DIRECTORS

MRS. ANJU TIMBLO, Managing Director  
MR. AUDUTH TIMBLO  
MR. V.P. RAIKAR  
MR. SHARDUL THACKER  
MR. P.G. KAKODKAR  
MR. JAMSHED DELVADAVALA  
MR. RAGHUNANDAN MALUSTE  
MR. REYAZ RATAN MAMA

### COMPANY SECRETARY

I. B. MUCHANDI

### AUDITORS

H. K. APARANJI  
Chartered Accountants

### BANKERS

I D B I Bank  
HDFC Bank  
I C I C I Bank

### REGISTERED OFFICE

CIDADE DE GOA  
VAINGUINIM BEACH,  
GOA - 403 004

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of FOMENTO RESORTS AND HOTELS LIMITED will be held on Monday 20<sup>th</sup> day of September 2010 at 4.00 p.m., at Grand Sala, Cidade de Goa, Vainguinim Beach, Goa-403004, to transact the following business:

#### **Ordinary Business:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2010 together with the Directors Report and the Auditors Report thereon.
2. To Declare dividend for the year ended 31.03.2010
3. To appoint a Director in place of Mr. V. P. Raikar who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. G. Kakodkar who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Raghunandan Maluste who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

#### **NOTES :**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than 48 hours before commencement of the Meeting.
2. 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.
3. Members are requested to bring their Attendance Slip attached to the Annual Report and handover the same at the entrance of the hall, duly signed.
4. 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 10<sup>th</sup> September, 2010 to 20<sup>th</sup> September 2010 (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 : 28<sup>th</sup> July, 2010

## **MISSION**

- ❖ To run a professionally managed organization and to ensure fair returns to the investors.
- ❖ To be an excellent "Value for Money Business & Leisure Resort" as 5-star in the domestic market and 4T and 5T in the international market.
- ❖ To position Cidade de Goa as an individual Goan hospitality experience at International standards.
- ❖ To diversity into other similar businesses.
- ❖ To invest in education and research in the Hospitality Industry.
- ❖ To be an environment friendly organization.
- ❖ To contribute to community welfare.

***Fomento Resorts and Hotels Limited***

<b>Details of the Directors seeking appointment / reappointment in Annual General Meeting (Pursuant to Clause 49(VI) (G) of the listing Agreement)</b>			
<b>Name of Director</b>	<b>Mr. V. P. Raikar</b>	<b>Mr. P. G. Kakodkar</b>	<b>Mr. Raghunandan Maluste</b>
Date of Birth	20.05.1929	10.03.1937	30.03.1950
Date of Appointment	30.05.1992	19.03.2001	27.10.2007
Expertise in specific functional areas	Business Executive	Banking & Finance	Business Executive
Qualification	Matriculate	M.A.	C.A from England & Wales
List of outside Directorship held	1.Maina Ore Transport Pvt. Ltd. 2. Hardeh Ores Pvt. Ltd 3. M. S. Talaulicar & Sons Pvt. Ltd.,	1. Sesa Goa Ltd. 2. Sesa Industries Ltd 3. Goa Carbon Ltd. 4. Financial Technologies (India) Ltd. 5. Uttam Galva Steels Ltd. 6. Centrum Finance Ltd. 7. Auditime Information System (India) Pvt. Ltd. 8. SBI Funds Management Pvt. Ltd. 9. Anand Rathi Financial Service Ltd. 10. Multicommodity Exchange of India Ltd. 11. IBS Forex Ltd	1. Bombay Gymkhana Ltd.
Chairman/Member of the committees of the Board of Directors of the Company.	Member of Audit Committee	Member of Audit Committee	—
Chairman/Member of the Committees of the Board of Director of Other Companies in which he is a Director a) Audit Committee	—	—  1. Sesa Goa Ltd – Chairman 2. Goa Carbon Ltd –Member 3. Financial Technologies (India) Ltd. — Member 4. Uttam Galva Steels Ltd. – Member	—
b) Shareholders Committee	—	—	—
c) Remuneration Committee	—	—	—
Shareholding in the Company. (No. of Shares)	—	—	—

**Thirty Ninth Annual Report 2009-2010**

**DIRECTORS REPORT**

Dear Shareholders,

Your Directors are pleased to present the Thirty Ninth Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

**1. FINANCIAL RESULTS**

	<b>For the year ended 31/03/10</b>	<b>For the year ended 31/03/09</b>
	(Rs. In 000)	(Rs. In 000)
<b>Income</b>	<b>424776</b>	<b>445299</b>
Operating Expenses	289679	308277
Gross Operating Profit	135097	137022
<b>Less :</b>		
Interest and Financial Charges	1886	2922
Depreciation	28509	26748
Profit before tax	104702	107352
<b>Less :</b> Provision for tax		
Current	37080	38925
Deferred (net)	(2152)	(1128)
Profit / (Loss) after tax	69774	69555
Add Surplus / (Deficit) brought forward From the previous year.	204048	16928
Profit available for appropriation	<u><b>273822</b></u>	<u><b>239083</b></u>
<b>Appropriations</b>		
a) General Reserve	6977	6956
b) Dividend	24000	24000
c) Tax on Dividend	4079	4079
d) Balance Carried to Balance Sheet	<u>238766</u>	<u>204048</u>
	<u><b>273822</b></u>	<u><b>239083</b></u>

**Fomento Resorts and Hotels Limited**

**FOMENTO RESORTS AND HOTELS LIMITED**

*Registered Office : Cidade de Goa, Vainguinim Beach, Goa - 403 004.*

**FORM OF PROXY**

Folio No. ....

I/We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member/members of FOMENTO RESORTS AND  
HOTELS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ as my/our proxy to vote for me /  
us and on my / our behalf at the THIRTY NINTH ANNUAL GENERAL MEETING of the Company to  
be held at 4.00 p.m. on Monday, 20th September, 2010 and at any adjournment thereof.  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix a  
One Rupee  
Revenue  
stamp here

Signature .....

**NOTES :**

- 1) The instrument of Proxy should be deposited at the Registered Office of the Company not less than 48 (FORTY EIGHT) HOURS before the time of holding the Meeting.
- 2) A proxy need not be a member.
- 3) The form should be signed across the stamp as per specimen signature registered with the Company.

**FOMENTO RESORTS AND HOTELS LIMITED**

*Registered Office : Cidade de Goa, Vainguinim Beach, Goa - 403 004.*

**ATTENDANCE SLIP  
THIRTY EIGHT ANNUAL GENERAL MEETING**

Folio No.....

I Certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the THIRTY NINTH ANNUAL GENERAL MEETING of the Company at CIDADE DE GOA, VAINGUINIM BEACH, GOA - 403 004, at 4.00 p.m. on Monday, 20th September, 2010.

\_\_\_\_\_  
(Member's/Proxy's name in BLOCK Letters)

\_\_\_\_\_  
(Member's Proxy's Signature)

**NOTE :** Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

**FOMENTO RESORTS AND HOTELS LIMITED  
SHARE DEPARTMENT  
Registered Office : Cidade de Goa, Vainguinim Beach, Goa**

Dear Shareholder(s)

**Sub:- Request for fresh Specimen Signature(s) of Shareholders holding Shares in Physical Form.**

1. Your specimen signature(s) recorded with us are old and / or pattern of which in course of time may have undergone change.
2. For providing better services to our shareholders and also to update our records we request you to kindly arrange to forward to us your fresh specimen signature(s) (in Enclosed Form) signed by you/all shareholder(s) and duly attested by the Manager of a Bank with whom you are maintaining your bank account.
3. On receipt of your duly attested signature(s), we shall update our records.
4. Please always quote your Ledger Folio while replying to us.
5. We solicit your kind co-operation in the matter.

Thanking You,  
Yours faithfully,

**I.B. Muchandi**  
**Company Secretary**

**FOMENTO RESORTS AND HOTELS LIMITED  
SHARE DEPARTMENT  
Registered Office : Cidade de Goa, Vainguinim Beach, Goa**

**SPECIMEN SIGNATURE(S) FORM**

LEDGER FOLIO NO. \_\_\_\_\_ DATE : \_\_\_\_\_

Name of the Shareholder(s)	Specimen Signature(s) of shareholder(s)	Father's/Husband's Name	Occupation
1.			
2.			
3.			

Address of the Sole /1st Shareholder:

City : \_\_\_\_\_ State : \_\_\_\_\_ Pin Code : \_\_\_\_\_

Signature to be Attested by Bank Manager  
(Seal with Stamp of Bank, Full Name, designation of Manager of Bank and address of the Bank)

During the Financial year under review, the Company's total revenue was Rs. 4248 lakhs which represents decrease of 5% compared to the previous year Rs. 4453 lakhs. The operating profit for the year is Rs.1351 lakhs as against Rs. 1370 lakhs previous year. The revenue is down by 203 lakhs profit has come down by 19 lakhs. This indicates overall better cost control.

**OUTLOOK:**

Overall business environment in the country has been changing. Along with this, the Goan hotel industry is also witnessing emergence of few key trends:

1. **Domestic travellers:** Domestic travellers have long been ignored by the hotels in Goa. With lower propensity to spend, they bargain hard. In the past few years, their perception of money is, however, undergoing a tectonic shift with rise in the educated, middle class with disposable incomes. This, in turn, is driving domestic tourism in Goa for the last two years and is likely to rise by 12% this year too. This segment will remain to be the best contributor of occupancies and average revenues.
2. **Emerging MICE (Meeting, Incentives, Conferences & Exhibitions) and Destination weddings opportunity:** Convention or meetings or destination weddings accounts for over 30% of our occupancies. A well planned strategy has been put in place to tap these clients. The average spend of these clients can sometimes be more than a FIT segment (Foreign Individual Travellers).
3. **Key Risks**
  1. **Terrorism acts:** Following the event of 26/11, many countries issued travel warnings to their citizens, advising them against traveling to India. Considering the elasticity of demand in this industry, such acts of terrorism impact the sentiments and inflow of tourists into the country.
  2. **Competition from South Asian countries:** Many South Asian countries are now consciously trying to increase their tourism activities by offering world-class facilities at highly competitive prices. These destinations pose threat to the Goan leisure hotels.
  3. **Employee cost:** Employee cost is the largest cost component in the overall cost structure. With more 2 additional 5 star hotels in Goa (Hyatt and Radisson) we expect a lot of pressure on hiring and retaining trained manpower.

**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. AUDITORS

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

As regards comments of the Auditors in the annexure to their report, note 8 of notes forming part of Accounts is self explanatory.

### 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. TECHNOLOGY ABSORPTION :

The Company being in the hospitality industry, technology developments connected with industry are adopted. Latest highly efficient centrifugal chiller for central air conditioning of the Hotel has been installed in 2009 replacing the earlier unit with high power consumption.

### 6. CONSERVATION OF ENERGY

Solar Panels are used for generating hot water consumed by the Central kitchen thereby reducing the diesel consumption of the main boiler.

Wherever feasible, the incandescent lamps have been replaced by CFL's. We are also aiming at the next stage of going for LED Lighting in phases.

### 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. DIRECTORS

Mr. V. P. Raikar, Mr. P. G. Kakodkar and Mr. Raghunandan Maluste, Directors retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting.

### 9. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

### INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF COMPANIES ACT,1956. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration Number	113/G
State Code	24
Balance Sheet Date	31/03/2010

#### II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	729219
Total Assets	729219

#### Sources of Funds

Paid up Capital	160000
Reserves & Surplus	275729
Secured Loans	328
Unsecured Loans	112391
Deferred Tax Liability	38471

#### Application of Funds

Net Fixed Assets	429370
Investments	10
Net Current Assets	157539

#### Profit and Loss Account

Turnover ( including other income )	424776
Total Expenditure	320075
Profit(+)/Loss(-) before Tax	104701
Profit(+)/Loss(-) after Tax	69774
Earning Per Share (In Rs.)	4.36
Dividend Rate (%)	15

#### IV. GENERAL NAMES OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY AS PER MONETARY TERMS

Item Code No. (ITC Code)	591001006
Product Description	HOTELS



**Note:**

1. Cash and Cash Equivalents represents cash and bank balance.
2. Additions to fixed assets are stated inclusive of movements of capital work-in-progress between the beginning and end of the year and treated as part of investing activities.

Sd/-  
**ANJU TIMBLO**  
Managing Director

Sd/-  
**V.P. RAIKAR**  
Director

Sd/-  
**I.B. MUCHANDI**  
Company Secretary & Offg. Chief Finance Officer

Place: Vainguinim Beach, Goa.  
Date : 28<sup>th</sup> July, 2010

**AUDITOR'S CERTIFICATE**

"This is Cash Flow Statement referred to in our report of even date".

**For H.K. APARANJI**  
Chartered Accountants

Sd/-  
**MOHAN B. PYATI**  
Partner

Place : Margao, Goa.  
Date : 28<sup>th</sup> July, 2010

- a. In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departure;
- b. The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2010.
- c. The 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; and
- d. The Directors had prepared the annual accounts on a going concern basis.

**10. 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.

Clause 40A of Listing Agreement mandates minimum 25% Public Shareholding.

Issue of new shares is not in the interest of existing share holders as company does not have new project or expansion where funds generated by issue of new shares can be invested. In this process share base will increase and EPS and Dividend rate will be diluted. Thus it is not in the interest of existing public share holders. Therefore promoter / Company decided to follow Delisting Regulation 2009 and give exit opportunity to public shareholders by opting voluntary delisting.

1. As required under Regulation 8(1) (a) Board of Directors passed resolution giving approval for delisting.
2. Approval of the share holders of the Company by Special Resolution through postal ballot was obtained.  
Votes cast by public shareholders in favour of the proposal are less than two times the votes cast against it.  
Company sought guidance from Bombay Stock Exchange as to how the fair value can be paid to the share holders who are willing to exist and delist the company.

**11. 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. IDBI Bank Ltd.
2. HDFC Bank Ltd.,
3. ICICI Bank Ltd.,