

FOMENTO RESORTS AND HOTELS LIMITED

42nd Annual Report 2012 - 2013



FOMENTO RESORTS AND HOTELS LIMITED

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

MR. I. B. MUCHANDI

AUDITOR

H. K. APARANJI
Chartered Accountants

BANKERS

IDBI BANK
HDFC BANK
ICICI BANK

REGISTERED OFFICE

CIDADE DE GOA
VAINGUINIM BEACH,
GOA 403 004

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Members of FOMENTO RESORTS AND HOTELS LIMITED will be held on Monday, the 30th day of September, 2013 at 4.00 p.m. at 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 31st March, 2013 and the statement of Profit and Loss for the year ended on that date together with the Directors Report and Auditor's Report thereon.
- 2) To declare dividend for the year ended 31.3.2013.
- 3) To appoint a Director in place of Mr. Shardul Thacker 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. Auduth Timblo who retires by rotation and being eligible offers himself for re-appointment.
- 6) To appoint M/s. H. K. Aparanji, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

- 7) Appointment of Managing Director and to fix remuneration.

To consider and, if thought fit, to pass with or without modification(s), 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, approval of the Members be and is hereby accorded to re-appoint Mrs. Anju Timblo as the Managing Director of the Company for a period of five years with effect from 1st June 2013, on the following terms and conditions.

Salary of Rs.3,00,000/- per month (Rupees Three lakhs only) fixed.

Perquisites - Part "A"

- i. Medical Reimbursement: Actual, without any limit.
- ii. Leave Travel Concession: For the Managing Director and her family not exceeding Rs.2,00,000/- 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. 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.
- v. Such other benefits, amenities and privileges as may be available to other officers of the Company.

Part “B”

- i. Contribution to Provident Fund – 12%.
- ii. Gratuity not exceeding half a month’s salary for each completed year of service subject to a ceiling of Rs.3,50,000/-.

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.

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.

RESOLVED FURTHER THAT in the event of loss or inadequate profit in any of the financial years during the tenure of Mrs. Anju Timblo, as Managing Director of the Company she shall be entitled to receive and be paid the substantive remuneration plus perquisites mentioned in part “A” & “B” above, as minimum remuneration subject to the approval of the Central Government if and as may be required.

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 / herself and the proxies 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 the 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 23rd September to 28th September, 2013 (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: 29th May, 2013

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF
SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 7

Mrs. Anju Timblo was re-appointed as the Managing Director of the Company w.e.f. June 1, 2008 for duration of Five years and she retires on May 31, 2013. It is now proposed to re-appoint Mrs. Anju Timblo for a further term of 5 (five) years with effect from June 1, 2013 with remuneration, as recommended by the remuneration committee, seeking approval of the shareholders. Under her stewardship the Company has scaled great heights.

None of the other Directors of the Company are in any way concerned or interested in this resolution, except Mrs. Anju Timblo and Mr. Auduth Timblo. The terms of the appointment of Mrs. Anju Timblo as the Managing Director of the Company are embodied in the proposed resolution in accordance with the provisions of section 302 of the Companies Act, 1956.

Details of the Directors seeking appointment/reappointment in Annual General Meeting (Pursuant to Clause 49(IV) (G) of the Listing Agreement)

Name of Directors	Mr. Shardul Thacker	Mr. P. G. Kakodkar	Mr. Auduth Timblo
Date of Birth	17.11.1947	10.03.1937	01.03.1948
Date of Appointment	30.09.1999	19.03.2001	20.07.1976
Expertise in special functional areas	Corporate Law	Banking & Finance	Industrialist
Qualification	B. Com., L.L.B.	M.A.	B.E., L.L.B.
List of Companies in which outside Directorship held	1. Ruby Mills Limited 2. RPG Enterprises Limited 3. SEAMEC Limited 4. Stream International Services Private Limited 5. Infowavz Private Limited	1. Financial Technologies (INDIA) Limited 2. Uttam Galva Steels Limited 3. Financial Technologies (India) Limited 4. Accounts Receivables Management Services (India) Limited 5. Apian Finance and Investment Limited	1. Fomento Engineering & Constructions Private Limited 2. Sociedade De Fomento Industrial Private Limited 3. Fomento Barges Private Limited 4. Shelvona Riverside Railway Terminal Limited 5. Mormugao Maritima Limited 6. Fomar Private Limited 7. Fomento Green & Waste Management Services Private Limited
Chairman / Member of the Committee of the Board of Directors of other Company	Member of the Audit Committee & Remuneration Committee of Ruby Mills Limited and a Member of the Audit Committee and Chairman of Shareholders / Investor Grievance & Transfer Committee of SEAMEC Limited		
Details of shares held in the company	-	-	21,12,139

Mrs. Anju Timblo is an Arts Graduate in Economics (Gold Medalist) and also a Law Graduate. She was first appointed as a Director of the Company in the year 1983. Thereafter Mrs. Anju Timblo has been appointed as a Managing Director of the Company in the year 1993. She has been re-appointed as a Managing Director as on June 1, 1998, May 1, 2003 and June 1, 2008. Her experience spans over 30 years in the Hospitality industry.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 42nd Annual Report and the Audited Accounts of the Company for the year ended 31st March 2013.

1. FINANCIAL RESULTS	(Rs. in Lakhs) For the year ended 31/03/2013	(Rs. in Lakhs) For the year ended 31/03/2012
Income	4949.00	4925.18
Operating Expenses	3343.49	3718.16
Gross Operating Profit	1605.51	1207.02
Less:		
Interest and Financial Charges	21.83	65.60
Depreciation	354.42	321.80
Profit before tax	1229.26	819.62
Less : Provision for tax		
Current	402.97	296.00
Deferred (net)	(13.52)	(36.89)
Profit/ (Loss) after tax	839.81	560.51
Add Surplus/ (Deficit) brought forward from the previous year	3077.22	2758.72
Profit available for appropriation	<u>3917.03</u>	<u>3319.23</u>
Appropriations		
a) General Reserve	83.98	56.05
b) Dividend	160.00	160.00
c) Tax on Dividend	27.19	25.96
d) Balance carried to Balance Sheet	<u>3645.86</u>	<u>3077.22</u>
Total	3917.03	3319.23
Earnings per share (Rs.)	5.25	3.50

During the financial year under review, the Company's total Revenue is Rs. 4949 Lakhs as against Rs. 4925 Lakhs in the previous year. Net profit after providing for depreciation and taxation stood at Rs. 840 Lakhs as against Rs. 561 Lakhs last year. This increase in profit is attributed as no major repair and maintenance undertaken as compared to previous year and also on account of decrease in expenses for salary and wages mainly due to excess turnover of staff in management and non management cadres.

1. OUTLOOK

Goa has registered guest arrival of 27.8 lakhs in 2012 – 13 including 4.5 lakhs foreigners as against 26.7 lakhs in 2011 – 12 including 4.45 lakhs foreigners showing growth of 4.4 % in the arrival .

More international brand hotels have come up in the 3 – 5 star levels increasing the room base. More hotels are likely to open around Panaji with a rise in the Casino business (off shore).

The premium (5-star and 5-star deluxe) hotels industry can experience tough times with profitability likely to suffer due to a fall in occupancy as well as room rates and rising costs of airfare and travels across India. Clients still find Asian and European destinations cheaper than Goa. Euro Zone crisis will continue to affect the foreign business. On other hand with dollar getting stronger there can be an increase in the domestic traffic.

Rising costs will add to the pressure on profitability. A shortage of personnel will increase employee costs, whereas energy costs are also expected to rise significantly.

There is a need for the Government to prioritise building infra- structure traffic and reduce fiscal burdens on tourism to raise the potential of Goan tourism business.

It will be a continuous endeavor from management to keep innovating to reduce costs and raise profit margins to keep the product upgraded, contemporary and people to be updated in their training skills.

Key Risks:

a) Terrorism acts: Due to the unrest all over the world on account of terrorism, 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.

b) 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.

c) Employees Hiring & Training: Because of high employee turnover, it becomes imperative to train the personnel to attain required skill. This is being continuous process, the Company expects lot of pressure on hiring & training human resource resulting into rise in cost.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 10% which is Re. 1/- per equity share on 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.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

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 statement of Profit and Loss and Balance Sheet.

5. TECHNOLOGY ABSORPTION

The Company being in the hospitality industry, technology developments connected with industry are adopted.

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. Shardul Thacker, Mr. P.G. Kakodkar and Mr. Auduth Timblo Directors retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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 31st March, 2013 and the Profit of the company for that period;
- 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 Agreement 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 the Listing Agreement mandates minimum 25% Public share holding. In order to comply, promoters have communicated to the Company that they will be selling their holding through Stock Exchange. Transaction through Stock Exchange can be done only in dematerialisation format. Company has already taken steps to dematerialise its shares. Matter has been already taken up with NSDL and CDSL.

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 IDBI Bank Ltd., HDFC Bank Ltd., ICICI Bank Ltd.

12. EMPLOYEES

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

13. 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/-

JAMSHED DELVADAVALA
DIRECTOR

Sd/-

V. P. RAIKAR
DIRECTOR

PLACE: MUMBAI

DATE: 29TH MAY, 2013