FOMENTO RESORTS AND HOTELS LIMITED

43rd Annual Report
2013-2014

CIDADE DE GOA®

Goa in a resort

FOMENTO RESORTS AND HOTELS LIMITED

BOARD OF DIRECTORS

MRS. ANJU TIMBLO
MR. AUDUTH TIMBLO
MR. V. P. RAIKAR
MR. SHARDULTHACKER
MR. P. G. KAKODKAR
MR. JAMSHED DELVADAVALA
MR. RAGHUNANDAN MALUSTE
MR. REYAZ MAMA

COMPANY SECRETARY

MS. ASMEETA MATONDKAR

AUDITOR

H. K. APARANJI
Chartered Accountants

BANKERS

IDBI BANK
HDFC BANK
ICICI BANK

REGISTERED OFFICE

CIDADE DE GOA
VAINGUINIM BEACH,
GOA 403 004

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Disclaimer/ Forward Looking Statement

In this Annual Report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. The report and other statements – written and oral that we periodically make, contain forward looking statements that set out anticipated results based on the management plans and assumptions. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks in uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could very materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Cidade de Goa

Goa in a resort

Cidade de Goa – Goa's premium 5-star deluxe resort is owned by Fomento Resorts and Hotels Limited. Situated in the land of sun, sea and surf, the property comprises of 207 rooms that showcase the unique Goan Portuguese architecture and ambience. The property is preferred by discerning travelers worldwide due to its proximity to the beach and its courteous staff that lay emphasis on providing warm Goan hospitality.

Cidade de Goa provides Goan experience and feel to its guests. Cidade de Goa is situated on Vainguinim Beach and has a distinctive advantage due to its proximity to the Capital, most of Goa's frequently visited locations.

Cidade de Goa is also a holiday destination by itself as it has something for everyone. For the foodie at heart, one can find a variety of restaurants namely **Alfama**, Chef's Speciality restaurant that serves authentic Goan and Portuguese cuisine. Alfama has also been ranked amongst India's 30 best restaurants by an independent customer survey conducted by a leading Media House.

Barbeque, the evening restaurant with a live kitchen serves grilled dishes and a variety of sea food. The Beachside Barbeque allows one a unique dining experience of grilled seafood, meats and vegetables with sound of waves serenading.

Cafe Azul – our poolside coffee shop provides the ambience of an Italian café with a choice of versatile menu and wood fired pizzas while one can savour global cuisine at **Laranja**. Other Food &Beverage options include **Doçaria** a charming tea and snack lounge operating round the clock ; **Taverna** – the lobby bar; **Bar Latino**, the pool side bar and **The Flag Service**, the unique garden and beach service which is there for visitors at the flick of a flag.

Visitors can try their luck at the **Goldfinger** Casino or de-stress with the state-of-the-art Health Club- **Clube Saúde** and **Pavitra** – The Ayurveda Spa. For the adventurous at heart, Cidade de Goa offers a vast array of options that include water sports, tennis courts, bird watching areas and an outdoor chess board.

For the business traveler, Cidade de Goa offers a variety of conference and banqueting facilities along with its Business Centre that is catered to by trained and experienced staff.

One can sum up Cidade de Goa as " Goa in a resort".

Awards & Accolades

The industry has acknowledged our performance and has been awarded for its excellent locale, great cuisine and friendly staff.

Certificate of Excellence

Times Food Award

Times Nightlife Award

Make My Trip.com Platinum Award

Business Goa Award

Goa Food Hospitality Award

Holiday IQ Award

Cidade de Goa has been consistently honoured by entities like Times City and Trip Advisor, which epitomize high standards for the hospitality industry.

In 2013-14, Cidade de Goa has won the following prizes

- Certificate of Excellence 2013 from Trip Advisor
- Times Food Award for 'Alfama' for Best World Cuisine 2013
- Times Nightlife Award for 'Taverna' for Best Nightclub with Live Music
- Make My Trip Platinum Achiever award for Stellar Performance
- Business Goa award for Corporate Excellence
- Goa Food & Hospitality Award for Best Local Independent Hotel Luxury
- Holiday IQ award for Excellent Service

Trip advisor bases its certificate of excellence awards on the user generated reviews, while Times City bases its awards on public opinion polls. Hence, both these awards demonstrate the public appeal enjoyed by Cidade de Goa.

DIRECTORS' REPORT

To The Members,

The Board of Directors of your Company takes pleasure in presenting the Forty Third Annual Report on business and operations of your company along with Audited Financial Statements and Statement of Cash Flow for the year ended March 31, 2014.

1. Financial Results and Appropriation

Particulars	(Rs. in Lakhs) For the year ended 31/03/2014	(Rs. in Lakhs) For the year ended 31/03/2013
Income	**5217.19**	**4949.00**
Operating Expenses	3511.26	3343.49
Gross Operating Profit	1705.93	1605.51
Less:		
Interest and Financial Charges	22.02	21.83
Depreciation	372.04	354.42
Profit before tax	**1311.87**	**1229.26**
Less : Provision for tax		
Current	507.56	402.97
Deferred (net)	(11.40)	(13.52)
Profit/ (Loss) after tax	**815.71**	**839.81**
Add Surplus/ (Deficit) brought forward from the previous year	3645.85	3077.22
Profit available for appropriation	**4461.56**	**3917.03**
Appropriations		
a) General Reserve	81.57	83.98
b) Dividend	160.00	160.00
c) Tax on Dividend	27.19	27.19
d) Balance carried to Balance Sheet	4192.80	3645.86
Total	**4461.56**	**3917.03**
Earnings per share (Rs.)	**5.10**	**5.25**

2. Operations Review:

Your Directors are pleased to report that inspite of persistent inflation and steep competition, your Company achieved a higher turnover of Rs. 5217.19 lakhs as compared to Rs. 4949.00 lakhs in the previous year. On account of increased wedding events and increase in other revenue, the profit margin of the Company was improved. The Company earned a higher pre-tax profit of Rs. 1311.87 lakhs for the year under review as against Rs. 1229.26 lakhs in the previous year.

3. Dividend:

Your Directors have recommended for your consideration the payment of dividend of Re.1/- per share for the year ended March 31, 2014, (i.e. @ 10% on the paid up equity capital) to be paid, if approved by members at the Forty Third Annual General Meeting.

4. Directors' Responsibility Statement

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

a) In the preparation of 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 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 as on March 31, 2014 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.

5. Directors:

Consequent upon coming into force the provisions of Section 149 of the Companies Act, 2013 (effective April 1, 2014) "**Act**" and also amended clause 49 of the Listing Agreement (to be effective from 1.10.2014) "**Listing Agreement**", relating to appointment of Independent Directors, the Board of Directors of your Company had

re-assessed the status of its Directors with a view to determine the qualification for classification as Independent Directors in terms of Section 146(6) of the Act and amended clause 49 of the Listing Agreement. Mr. Jamshed Delvadavala ,Mr. Reyaz Mama and Mr. V. P. Raikar severally fulfils the criteria laid down in Section 149 of the Act and also amended clause 49 of the Listing Agreement. The said Section 149 of the Act and amended clause 49 of Listing Agreement also restricts the tenure of an Independent Director to two terms of upto ten years with a single term not exceeding five years. In compliance with the provisions of Section 149 of the Act and amended clause 49 of Listing Agreement it is proposed to appoint Mr. Jamshed Delvadavala ,Mr. Reyaz Mama and Mr. V. P. Raikar as Independent Director to hold office for consecutive five years for a term upto 31st March, 2019.

The Company has received notices in writing under the provision of Section 160 of the Act from members along with deposit of the prescribed amount signifying their intention to propose the appointment of Mr. Jamshed Delvadavala, Mr. Reyaz Mama and Mr. V. P. Raikar as Independent Directors at the forthcoming Annual General Meeting.

To comply with the provisions of the Act and Articles of Association of the Company, Mr. Auduth Timblo shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

6. Management Discussion And Analysis Report

The Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, is given separately and forms part of this Annual Report.

7. Corporate Governance

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. A Certificate from the Auditors of the Company, confirming compliance with the provisions of Corporate Governance, is attached to this Annual Report.

8. Statutory Auditors

The Auditors, M/s. H. K. Aparanji, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

9. Stake Sale by Promoters pursuant to statutory requirements:

SEBI vide its circulars dated December 16, 2010 and February 8, 2012 and the amended Clause 40A of the Listing Agreement mandated the minimum public shareholding in any listed company at 25% and provided various methods to raise such public shareholding to the prescribed level of 25% before the time limit of June, 2013.

After the Offer for Sale in May, 2013 through Stock Exchange Mechanism of Bombay Stock Exchange Limited, 32,68,500 Equity Shares of one of the Promoter Mrs. Anju Timblo were sold, thereby reducing the total Promoters' shareholding in the Company below the statutory ceiling.

10. Technology Absorption and Conservation of Energy

The Company is in hospitality industry and as such provision of Section 217(1)(e) of The Companies Act, 1956 regarding technology absorption is not applicable.

The Company constantly upgrades conserving energy equipments by installing solar panels, CFL and new LED products. This results in substantial saving in consumption of electricity. The Company is also upgrading its old machinery which is resulting in saving of energy.

12. Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo is stated in Notes forming part of the Financial Statements.

13. Employees

Relations between the management and the employees were cordial throughout the year. Your Directors are pleased to record their appreciation of the devotion and sense of commitment shown by all the employees in the organisation.

None of the employees are covered by the provisions contained under section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975.

14. Acknowledgements

Your Directors gratefully acknowledges the support and goodwill extended by the Government of Goa, Central Government, Other Regulatory Authorities, Company's Bankers, Vendors, Tour Operators, Travel Agents, Valued Guests and Esteemed Shareholders.

For and on behalf of the Board of Directors

Anju Timblo
Managing Director

V. P. Raikar
Director

Place: Vainguinim Beach – Goa
Date: May 30, 2014