

# 44th Annual Report 2014-2015



**FOMENTO RESORTS AND HOTELS LIMITED**

**BOARD OF DIRECTORS**

MRS. ANJU TIMBLO  
MR. AUDUTH TIMBLO  
MR. V. P. RAIKAR  
MR. SHARDUL THACKER  
MR. P. G. KAKODKAR (Resigned w.e.f. August 1, 2014)  
MR. JAMSHED DELVADAVALA  
MR. RAGHUNANDAN MALUSTE  
MR. REYAZ MAMA  
MR. APOORVA MISRA (Appointed w.e.f. February 13, 2015)

**CHIEF FINANCIAL OFFICER**

MR. M. A. HAJARE

**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 - 403004

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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 vary 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

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. It is situated on Vainguinim Beach and has a distinctive advantage with its proximity to the Capital Panaji and 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. 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. One can savour global cuisines at our buffet restaurant **Laranja**. Other Food & Beverage options include **Doçaria** a charming tea and coffee 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, bird watching and an outdoor chess.

For the business traveler, Cidade de Goa offers a variety of conference and banqueting facilities along with its Business Centre.

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

**DIRECTORS' REPORT**

To  
The Members,

The Board of Directors of your Company takes pleasure in presenting the Forty Fourth Annual Report on business and operations of your Company along with the Audited Financial Statements and Cash Flow Statement for the year ended March 31, 2015.

**1. FINANCIAL RESULTS AND APPROPRIATION**

(Rs. in lakhs)

Particulars	F. Y. 2014 - 2015	F. Y. 2013 - 2014
<b>Income</b>	<b>6,087.97</b>	<b>5,433.60</b>
Operating Expenses	3,997.67	3,727.67
Gross Operating Profit(PBIDT)	2,090.30	1,705.93
Less:		
Interest and Financial Charges	59.50	22.02
Depreciation	364.44	372.04
Profit before Extra Ordinary and Exceptional items & Tax	1,666.36	1,311.87
Exceptional Items	394.52	-
<b>Profit before tax (PBT)</b>	<b>2,060.88</b>	<b>1,311.87</b>
Tax Expense	720.12	496.16
<b>Profit/(Loss) after tax (PAT)</b>	<b>1,340.76</b>	<b>815.71</b>
Add Surplus/ (Deficit) brought forward from the previous year	4,192.80	3,645.85
<b>Profit available for appropriation</b>	<b>5,533.56</b>	<b>4,461.56</b>
<b>Appropriation</b>		
a) Transfer to General Reserve	134.08	81.57
b) Proposed Dividend on Preference shares	84.00	-
c) Proposed Dividend on Equity shares	160.00	160.00
d) Tax on Dividend	49.67	27.19
e) Additional Depreciation on Fixed Assets	4.40	-
Balance carried to Balance Sheet	5,101.41	4,192.80
<b>Total</b>	<b>5,533.56</b>	<b>4,461.56</b>
<b>Earnings per share before Exceptional Item(Basic and Diluted) (Rs.)</b>	<b>6.14</b>	<b>5.10</b>
<b>Earnings per share after Exceptional Item (Basic and Diluted) (Rs.)</b>	<b>7.75</b>	<b>5.10</b>

**2. OPERATIONS REVIEW:**

Your Directors are pleased to report that inspite of steep competition, your Company achieved a higher turnover of Rs. 6,087.97 lakhs as compared to Rs. 5,433.60 lakhs in the previous year. On account of increase in the segment of weddings and conference, profitability of the Company improved. The Company earned a higher pre-tax profit of Rs. 1,666.36 lakhs (before exceptional items) for the year under review as against Rs. 1,311.87 lakhs in the previous year.

**3. DIVIDEND:**

The Board of Directors recommended the following dividend for approval by the members at the ensuing Annual General Meeting:

- (i) A dividend of Rs.1.20/- per share on 70,00,000 Cumulative, Non-Convertible, Redeemable Preference shares allotted on January 10, 2015 on pro rata basis for the year ended 31st March 2015.

- (ii) Dividend of Re. 1/- per share on Equity shares for the year ended 31st March, 2015.

#### 4. RESERVES:

The Board of Directors propose to carry an amount of Rs. 134.08 lakhs to General Reserve.

#### 5. INTERNAL FINANCIAL CONTROLS:

The Board has adopted the processes for ensuring the orderly and efficient conduct of its business.

During the financial year 2014-15 the company has strengthened its internal control systems. The systems provide for adequate checks and balances, adherence to applicable statutes, accounting policies and approval procedures and for ensuring optimum use of available resources. The systems are regularly reviewed by the Audit Committee and improved upon as per the necessity and requirement. Regular assessments and audits help ensure that every department consistently implements the controls and standards and follows the Standard Operating Procedures.

Your Company has sound internal control systems and procedures. The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitors implementation of internal audit recommendations through the compliance reports submitted to them by the internal auditor.

#### 6. STATUTORY AUDITORS:

The Members had at the 43rd Annual General Meeting held on 27th September 2014, approved the appointment of M/s. H.K. Aparanji, Chartered Accountants, Firm Registration No. 000199S, as Statutory Auditors of the Company for the next three (3) financial years i.e. 2014-15, 2015-16 & 2016-17.

Pursuant to Rule 3(7) of the Company (Audit and Auditors) Rules, 2014, the aforesaid appointment needs to be ratified by the members at the forthcoming Annual General Meeting. Accordingly, the appointment of M/s. H. K. Aparanji, Chartered Accountants, as the Statutory Auditors of the Company to hold office until the conclusion of the Annual General Meeting to be held in financial year 2015-16 is commended for ratification by the members.

A certificate from M/s. H.K. Aparanji, Chartered Accountants that their appointment is within the prescribed limits under Section 141 of the Companies Act, 2013 has been obtained.

#### 7. CHANGES IN SHARE CAPITAL:

The Company's Authorised share capital is Rs. 1,00,00,00,000/- consisting of 3,00,00,000 Equity shares of Rs.10/- each and 70,00,000 Cumulative, Non-Convertible, Redeemable preference shares of Rs. 100/- each.

During the year under review, your Company allotted 70,00,000 7.5% Cumulative, Non-Convertible, Redeemable Preference shares of Rs. 100/- each at par aggregating to Rs. 70,00,00,000/- to Prime Minerals Exports Private Limited on January 10, 2015.

Prime Mineral Exports Private Limited and Fomento (Karnataka) Mining Company Private Limited got amalgamated with Fomento Resources Private Limited w.e.f. January 28, 2015.

Consequently, the paid up share capital of the Company has increased to Rs. 86,00,00,000/- consisting of 1,60,00,000 fully paid equity shares of Rs. 10/- each and 70,00,000 7.5% Cumulative, Non-convertible, Redeemable fully paid up preference shares of Rs. 100/- each.

The Audit Committee has been monitoring the uses and application of funds raised through Private Placement by major category such as meeting the project cost and working capital on a quarterly basis. The Company has not utilised the funds generated out of private placement for any purpose other than those stated in the letter of offer.

These preference shares will not be listed on any stock exchange.

#### 8. COMPOSITION OF AUDIT COMMITTEE:

The Board has constituted the Audit Committee which comprises of Mr. Jamshed Delvadavala as the Chairman and Mr. V. P. Raikar, Mr. Reyaz Mama and Mr. Raghunandan Maluste as the members. More details on the committee are given in the Corporate Governance Report.

#### 9. RELATED PARTY TRANSACTIONS:

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel or other designated persons which may have conflict with the interest of the company at large. All Related Party Transactions are presented to the Audit Committee and the Board. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link: <http://www.cidadedegoa.com/images/Related-Party-transactions-Policy-of-Fomento.pdf>

The Company has entered into contract / arrangements with related parties in the ordinary course of business and on arm's length basis. Particulars of contracts / arrangements made with related parties is annexed to Board's Report as "Annexure A"

#### 10. FIXED DEPOSITS:

Your Company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**11. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

As a part of its initiatives under “Corporate Social Responsibility” (CSR), the Company has contributed funds for the schemes of eradicating hunger and poverty, promotion of education and medical aid. The contributions in this regard have been made to a registered trust which is undertaking these schemes. The Company has also undertaken schemes of distributing food items to the old age home and daily meals to the orphanage directly as part of the CSR initiative.

The amount spent on the CSR activities is annexed herewith as “Annexure B”.

**12. SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary.

**13. CODE OF CONDUCT:**

The Board of Directors have approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day affairs of the Company. The code lays down principles and standards that should govern their actions which is expected to be followed by the Directors and the designated employees in their business affairs and in particular on matters relating to integrity at work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management personnel have confirmed compliance with the code. The code has been posted on the Company’s website [www.cidadedegoa.com](http://www.cidadedegoa.com)

**14. VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

The Company is committed to developing a culture where it is safe for all employees to raise genuine concerns, if any and to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Vigil mechanism policy provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected frauds or violation of the code of conduct of policy and also provides safeguards against victimization.

The policy ensures that strict confidentiality of all matters and disclosure of information, if required only to the extent or with those persons as required for the completion of the process of investigation.

A vigilance and ethics officer has been appointed to whom the complaints should be addressed who reports to the Audit Committee. The policy also addresses the concerns directly to the Chairman of the Audit Committee/Managing Director/Chairman in exceptional cases. The Audit Committee recommends the disciplinary or corrective action it deems fit to the Board of Directors. The policy is available on the website of the Company and forms part of the Directors Report as “Annexure C”.

The Vigil Mechanism Policy as approved by the Board is uploaded on the Company’s website at the weblink:<http://www.cidadedegoa.com/images/WhistleBlowerPolicy.pdf>

**15. PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

**16. EXTRACT OF THE ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure D”.

**17. RISK MANAGEMENT:**

Pursuant to section 134(3) (n) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The risk management framework is discussed in detail in the Management Discussion and Analysis report forming part of this Annual Report.

**18. PARTICULARS OF EMPLOYEES:**

Information required pursuant to section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company is annexed as Annexure E.

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is not provided since there were no employees who were drawing remuneration more than Rs 5 lakhs per month during whole or part of the year.

**19. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

**20. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments 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, 2015 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, 2013 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 and
- e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**21. DIRECTORS:**

Pursuant to Section 149 of the Act and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement your Directors are seeking appointment of Mr. Shardul Thacker and Mr. Raghunandan Maluste as Independent Directors at the ensuing Annual General Meeting to hold office for a term upto 31st March, 2019.

All Independent Directors have made declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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. Shardul Thacker and Mr. Raghunandan Maluste as Independent Directors in the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Auduth Timblo shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Directors recommend Mr. Auduth Timblo for re-appointment.

Mr. Apoorva Misra was appointed as an Additional Director (Non-Executive, Non Independent) of the Company effective from February 13, 2015 and holds office upto the date of the forthcoming Annual General Meeting and notice has been received from a Member proposing the candidature of Mr. Apoorva Misra for being appointed as a Director of the Company.

Mr. P. G. Kakodkar has resigned as Director of the Company w.e.f. August 1, 2014 due to ill health. The Directors would like to place on record their sincere appreciation for his assistance and guidance during his tenure as on the Board since 2001.

Mr. M.A. Hajare has been appointed as the Chief Financial Officer and designated as Key Managerial Personnel of the Company w.e.f. September 1, 2014.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its performance, the directors individually, the evaluation of the Overall Board and Fellow Board Member's Evaluation. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**Meetings**

During the year Six Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing agreement.

**22. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT:**

The Policy on appointment of Directors and Senior Management is as per "Annexure F" to the Directors Report.

**23. 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.



**24. 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.

**25. DELISTING:**

The Board of Directors have approved the delisting proposal of the Promoters to voluntarily delist the equity shares of the Company from the BSE Limited and Ahmedabad Stock Exchange Limited and provide liquidity and exit opportunity to the public equity shareholders of the Company. A special resolution was passed by the shareholders of the Company through postal ballot in accordance with the provisions of Section 110 of the Companies Act, 2013 (the "Companies Act") read with the applicable rules of the Companies (Management and Administration) Rules, 2014 on December 23, 2014, approving the proposed delisting of the Equity Shares from the Stock Exchanges in accordance with the Companies Act and Delisting Regulations.

The Company has received In-Principle approval from BSE Limited and Ahmedabad Stock Exchange Limited.

**26. TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY:**

The Company is in hospitality industry and therefore no technology absorption is required. The Company also does not fall under the list of industries, which should furnish this information in Form A annexed to the aforesaid Rules.

The Company constantly upgrades conserving energy equipments by installing solar panels, CFL and new LED products. Solar Panels are used for generating hot water consumed by the Central Kitchen thereby reducing the diesel consumption of the main boiler. This results in substantial saving in consumption of electricity. The Company is constantly upgrading its old machinery which is resulting in saving of energy.

**27. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

**28. 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. As on March 31, 2015, the Company has an Organizational strength of 205 employees.

**29. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT:**

The Board of Directors of the Company appointed Mr. Shivaram Bhat, Practising Company Secretary, to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2015, is provided in the Annual Report.

The Report of the Secretarial auditor is annexed as "Annexure G".

**30. ANTI-SEXUAL HARASSMENT INITIATIVE:**

Our Anti-Sexual Harassment Initiative (ASHI) allows employees to report sexual harassment cases at the workplace. There are no complaints relating to sexual harassment in the last financial year. Further, the Company has formed an Internal Complaints Committee where employees can register their complaints against sexual harassment. This is supported by the Sexual Harassment Policy which ensures a free and fair enquiry process.

**31. 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 & CEO

Apoorva Misra  
Director

Place: Vainguinim Beach – Goa  
Date: May 30, 2015

## ANNEXURE A

**PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH RELATED PARTIES**

[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This form pertains to the disclosures of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**Details of Contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2015, which were not at arm's length basis.

**Details of material contracts or arrangements or transactions at arm's length basis:**

The details of contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

Name of Related Party	Nature of relationship	Duration of contract	Salient terms	Amount in lakhs
Nature of Contract				
<b>Sale of Services (Room, Food, beverages and other services)</b>				
Sociedade de Fomento Industrial Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	N.A.	Rs. 105.99
Infrastructure Logistics Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	N.A.	Rs. 5.94
Fomento Resources Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	N.A.	Rs. 3.18
<b>Sharing of expenses</b>				
Sociedade de Fomento Industrial Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	Yearly at Actual	
Infrastructure Logistics Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	Yearly at Actual	
Fomento Resources Pvt. Ltd.	Associate	April 1, 2014 – March 31, 2017	Yearly at Actual	
<b>Interest</b>				
Fomento Resources Pvt. Ltd.	Associate	3 years	N.A.	244.35
<b>Renting of Premises</b>				
Sociedade de Fomento Industrial Pvt. Ltd.	Associate	3 years	At actual Yearly with 10% increase	34.95
Infrastructure Logistics Pvt. Ltd.	Associate	3 years	At actual Yearly with 10% increase	10.11

For and on behalf of the Board of Directors

Anju Timblo  
Managing Director & CEO

Apoorva Misra  
Director