



**FOMENTO RESORTS AND HOTELS LIMITED**

**BOARD OF DIRECTORS**

MRS. ANJU TIMBLO  
MR. AUDUTH TIMBLO  
MR. JAMSHED DELVADAVALA  
MR. SHARDUL THACKER  
MR. REYAZ MAMA  
MR. VINAYAK PADWAL

**CHIEF FINANCIAL OFFICER**

MR. M. A. HAJARE

**COMPANY SECRETARY**

MRS. ASMEETA MATONDKAR

**AUDITOR**

M/s. SUDHA SURESH PAI & ASSOCIATES  
Chartered Accountants

**BANKERS**

IDBI BANK LIMITED  
HDFC BANK LIMITED  
ICICI BANK LIMITED  
INDUSIND BANK LIMITED

**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

A few minutes from Panjim, past verdant paths, and on Vainguinim beach, await intimate alcoves, overhanging balcaos, historic murals, a backyard beach, and the friendliest hosts. Simply, Goa in a resort.

Designed as a Portuguese hamlet, with a Mediterranean influence, by world-renowned architect Charles Correa, Cidade de Goa is a blend of luxury, warmth, and the laidback elegance of susegad. It embodies the heart of Goa, both in terms of location and vibe.

One is welcomed by stunning views of the sea, manicured greens, and vibrant medleys of oranges, yellows, and blues. Correa's telling murals, chequered floors, balcaos, and tiled roofs take one through a historical Portuguese-Goan journey. Every corner has a story, every nook - places to sit, and every evening is accentuated by live music.

Rooms or quartos are thoughtfully designed, keeping heritage, space, and grace in mind. Every suite is one with a view, opening out into the blues and sounds of the sea, every window a suitable spot for introspection.

The quaint & secluded Vainguinim beach, makes Cidade de Goa an excellent destination for discerning families. A range of water sports, games, and children's facilities ensures everyone is occupied.

For health pilgrims, Clube Saúde's Tattva Spa and Salon rejuvenates, the gymnasium keeps the adrenaline going, and Pavitra Ayurveda encourages self-discovery through meditation, yoga, and self-healing.

Gourmands are spoilt for choice. Laranja, the multi-cuisine restaurant, welcomes all with wide arches. Alfama, reminiscent of old Lisbon, provides a unique balance of the global and local. Café Azul, a pool-side restaurant, overlooking the sea, is proud of its Indian, Italian, and local cuisines, while the seasonal Barbeque, the open-air restaurant, lets you indulge in intimate conversations just a few meters from the sea.

Professionals, too, may breathe easy as contemporary venues create the desired ambience for both conventions and rendezvous.

Warmth is at the heart of Cidade de Goa and is complemented by service that speaks volumes. A complimentary airport shuttle bus and friendly smiles await your arrival, the concierge helps with tours, and in-resort currency exchangers make travel a breeze. After all, we are only as good as our people and ours are the best.

**DIRECTORS' REPORT**

To  
The Members,

The Board of Directors of your Company take pleasure in presenting the Forty Eighth Annual Report on business and operations of your Company along with the Audited Financial Statements and Cash Flow Statements for the year ended March 31, 2019.

**1. FINANCIAL RESULTS AND APPROPRIATION**

(Amount in Lakhs)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Income	6830.97	6264.94
Operating Expenses	4268.49	3905.49
<b>Gross Operating Profit (PBIDT)</b>	<b>2562.48</b>	<b>2359.45</b>
Less:		
Interest and Financial Charges	725.39	616.13
Depreciation	230.46	248.64
<b>Profit before Extra Ordinary and Exceptional items &amp; Tax</b>	<b>1606.63</b>	<b>1494.65</b>
Exceptional Items	-	-
<b>Profit before tax (PBT)</b>	<b>1606.63</b>	<b>1494.65</b>
Tax Expense	688.66	671.76
<b>Profit/(Loss) after tax (PAT)</b>	<b>917.97</b>	<b>822.89</b>
Add Surplus/(Deficit) brought forward from the previous year	7299.83	6858.78
<b>Profit available for appropriation</b>	<b>8217.80</b>	<b>7681.67</b>
<b>Appropriation</b>		
a) Transfer to General Reserve	(91.80)	(82.29)
b) Re-measurement of defined benefit obligation	12	(.10)
c) Dividend (including dividend distribution taxes)	(299.45)	(299.45)
Balance carried to Balance Sheet	7838.55	7299.83
<b>Total</b>	<b>8217.80</b>	<b>7681.67</b>
<b>Earnings per share before Exceptional Item (Basic and Diluted)</b>	<b>5.74</b>	<b>4.48</b>
<b>Earnings per share after Exceptional Item (Basic and Diluted)</b>	<b>5.74</b>	<b>4.48</b>

**2. OPERATIONS REVIEW:**

The Directors wish to report that your Company achieved a total income of Rs. 6830.97 lakhs compared to Rs. 6,264.94 lakhs in the previous year. Of the above income the Operational revenue was Rs. 6609.40 lakhs as against Rs. 5745.54 lakhs of the previous year that is an increase of 15%, mainly due to the Segment of weddings, conferences and groups. The Company earned a pre-tax profit of Rs. 1606.63 lakhs for the year under review as against Rs. 1494.65 lakhs (before exceptional items) in the previous year.

**3. SHARE CAPITAL:**

During the year under review, the total paid-up share capital of the Company stood at Rs. 86,00,00,000/- consisting of 1,60,00,000 equity shares of Rs. 10/- each and 70,00,000 Cumulative, Non-Convertible, Redeemable preference shares of Rs. 100 each.

**4. LISTING OF EQUITY SHARES**

The equity shares of your Company are listed at BSE Limited, Mumbai. The annual listing fees for the year 2019-20 have been paid to BSE Limited.

## **5. DIVIDEND:**

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

- (i) A dividend of Rs.7.5/- per share on 70,00,000 Cumulative, Non-Convertible, Redeemable Preference shares for the year ended March 31, 2019 (i.e. @7.5% on the paid up preference share capital) amounting to a total sum of Rs.5,25,00,000/- as per the terms of the issue of Preference shares subject to the approval of the members at the ensuing Annual General Meeting.
- (ii) Dividend of Re. 1/- per share (Previous year Re.1 per share) on 1,60,00,000 Equity shares for the year ended March 31, 2019 (i.e. @10% on the paid up equity capital) amounting to Rs. 1,60,00,000/-, subject to the approval of the members at the ensuing Annual General Meeting.

The dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company scheduled to be held on September 23, 2019. The dividend once approved by shareholders will be paid on and from October 01, 2019. The total dividend payout for the Financial year 2018-19 on Preference shares will be INR 6,31,87,740/- comprising of dividend amounting to INR 5,25,00,000/- and Dividend tax of INR 1,06,87,740/- and on equity shares will be INR 1,92,57,216/- comprising of dividend amounting to INR 1,60,00,000/- and Dividend tax of INR 32,57,216.

The Register of Members and Share Transfer Books of the Company will remain closed from August 31, 2019 to September 06, 2019 (both days inclusive) for the purpose of payment of dividend for the Financial year ended March 31, 2019 and the Annual General Meeting.

## **6. TRANSFER TO RESERVES:**

The Board of Directors propose to carry an amount of Rs. 91.80 lakhs to General Reserve.

## **7. BORROWINGS:**

The total borrowings stood at Rs. 29,337.24 lakhs (from group companies and bank) as at March 31, 2019 as against Rs. 19,831.44 lakhs (from group companies) as on March 31, 2018 representing an increase of Rs. 9,505.80 lakhs due to further receipt of ICD and receipt of Long Term Loan from Bank.

## **8. CAPITAL EXPENDITURE:**

During the year under review, your Company incurred Rs. 12019.79 lakhs towards capital expenditure for the development and construction of the upcoming hotel at Vainguinim, Goa and at Aarvli, Sindhudurg, Maharashtra.

## **9. FIXED DEPOSITS:**

During the year, the 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.

## **10. PARTICULARS OF LOANS/ADVANCES/INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR**

Pursuant to Section 186 of the Companies Act, 2013 the Company has not granted any loans/advances/investments or made any or provided guarantees during the year .

## **11. HOTEL OPERATING AGREEMENT**

During the year under review the Company entered into a Hotel Operating Agreement with Indian Hotels Company Limited (IHCL). The Hotel Operating Agreement contemplates IHCL will carry out the operations and marketing of the Company's existing hotel Cidade de Goa consisting of 207 keys located at Vainguinim beach, Goa w.e.f. April 1, 2019 and the upcoming Hotel Project at Vainguinim , Goa facing the Vainguinim beach geographically close to the Company's existing hotel, Cidade de Goa consisting of 299 keys under IHCL's brands.

## **12. STATUTORY AUDITORS:**

Messrs Sudha Suresh Pai & Associates, Chartered Accountants (ICAI Registration No. 118006W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 46<sup>th</sup> Annual General Meeting (AGM) held on September 29, 2017 until the conclusion of the 51<sup>st</sup> Annual General Meeting of the Company subject to ratification by members at every subsequent Annual General Meeting.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 07, 2018 the requirement of seeking ratification of the members for the appointment of statutory auditors has been withdrawn from the statute.

Accordingly, the members at the 47<sup>th</sup> Annual General Meeting held on September 22, 2018 passed a resolution dispensing ratification of Statutory Auditors at every AGM in terms of Section 139 of Companies Act, 2013 as amended vide Companies Amendment Act, 2017.

In view of the above, ratification of members for continuance of their appointment at this Annual General Meeting is not being sought.

As required under the provisions of Section 139(9) of the Companies Act, 2013, the Company has received a written consent from Messrs Sudha Suresh Pai & Associates, Chartered Accountants to their re-appointment and a Certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Auditors Report for financial year 2018-2019 does not contain any qualification, reservation or adverse remark. The Auditor's Report along with the notes to schedules form part of this Annual Report.

**Auditor's certificate on Corporate Governance**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditor's certificate on Corporate Governance forms part of this Annual Report. The Auditor's certificate for financial year 2018-2019 does not contain any qualification, reservations or adverse remark.

**13. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

The Board of Directors of the Company appointed Mr. Shivaram Bhat, Practising Company Secretary (Certificate of Practice Number: 7853), to conduct the Secretarial Audit. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks. The Secretarial Audit Report for the financial year ended March 31, 2019, forms part of this Annual Report.

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

**14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

During the year 2018-19 as required under Section 143 of the Act, the Statutory Auditors have evaluated and expressed an opinion on the Company's internal financial controls with reference to the financial statements based on an audit. In their opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the financial statements were operating effectively as at March 31, 2019.

During 2018-2019, the Audit Committee was satisfied with the adequacy of the internal financial controls with reference to financial statements of the Company.

**15. REPORTING OF FRAUDS BY AUDITORS**

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

**16. EXTRACT OF ANNUAL RETURN**

The details forming part of the Extract of the Annual Return in Form no. MGT-9 as per Section 92(3) and 134(3) of the Act, read with the Rules framed thereunder are given as Annexure D, which forms part of the Report. The Annual Return for financial year 2017-18 is also available under Company's website [www.frhil.in](http://www.frhil.in).

**17. COMPOSITION OF AUDIT COMMITTEE:**

Audit Committee of the Board has been constituted as per Section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Regulation 18 of the Listing Regulations.

The Committee met four times during the year, the details of which are given in the Corporate Governance report. As on date of this report, the Committee comprises of Mr. Jamshed Delvadavala, Mr. Reyaz Mama, Mr. Vinayak Padwal and Mrs. Anju Timblo, who are experts in finance, accounts, strategy, tax, law and general administration.

The other details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of the Annual Report.

**18. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP's):**

As on March 31, 2019, there were Six(6) Directors on the Board of the Company consisting of Four (4) Independent Directors, One (1) Non-executive Director and One (1) Whole-Time Director.

**Appointments**

During the Financial Year under review, Mrs. Anju Timblo was re-appointed as Managing Director & CEO for a period of Three (3) years commencing from June 1, 2018 to May 31, 2021 which was approved by the Members at the Annual General Meeting held on September 22, 2018.

Furthermore, Mr. Vinayak Manohar Padwal has been appointed as an Additional Director in the capacity of Non-Executive Independent Director w.e.f. November 15, 2018

and proposed to be appointed as a Director in the ensuing Annual General Meeting. The Nomination and Remuneration Committee and Board of Directors of the Company recommend his candidature for being appointment as an Independent Director of the Company.

The tenure of Mr. Jamshed Delvadavala and Mr. Reyaz Mama, Independent Directors completed on March 31, 2019. Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company. Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company, re-appointed Mr. Reyaz Mama and Mr. Jamshed Delvadavala for a second term of consecutive 5 (Five) years on the Board of the Company w.e.f. April 1, 2019 till March 31, 2024, subject to the approval of the members by passing a Special Resolution.

Your Directors would further like to update that pursuant to the requirement of Regulation 17(1A) of the Listing Regulations effective from April 1, 2019, the consent of the members by way of Special resolution is required for continuation of a Non-Executive Director of a Company beyond the age of 75 years. Mr. Jamshed Delvadavala, Non-Executive Director is currently 71 years of age and will attain the age of 75 years on February 8, 2023 during the currency of his proposed tenure as Independent Director of the Company and hence approval of the Members by way of special resolution is sought for continuation of his Directorship in the Company. The Nomination and Remuneration Committee and Board of Directors of the Company recommend their candidature for being appointed as Independent Directors of the Company.

For the purpose of compliance with Section 152 of the Companies Act, 2013 and for determining the Director liable to retire by rotation, the Board at its meeting held on May 30, 2019, took note of the consent given by Mr. Auduth Timblo, being longest in office, to retire by rotation at the ensuing Annual General Meeting of the Company. Accordingly, the Board noted that Mr. Auduth Timblo, Director and Non-Executive Chairman shall be the Director liable to retire by rotation and being eligible, has offered himself for re-appointment. The Directors recommend re-appointment of Mr. Auduth Timblo.

#### **Completion of Tenure**

The tenure of Directorship of Mr. Shardul Thacker, Independent Director has completed on March 31, 2019. The Board of Directors placed on record their gratitude and appreciation for the immense contribution made by the outgoing Director during his tenure as Director of the Company.

#### **Woman Director**

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Company shall have at least one Woman Director on the Board of the Company. Your Company is in compliance of the same. Mrs. Anju Timblo Managing Director & CEO is a Woman Director, and also a Whole Time Director as on March 31, 2019.

#### **KMPs**

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of your Company are Mrs. Anju Timblo, Managing Director & CEO, Mr. M. A. Hajare, Chief Financial Officer and Mrs. Asmeeta Matondkar, Company Secretary. There has been no change in Key Managerial Personnel's during the year.

#### **Board Evaluation**

In line with the provisions of the Companies Act, 2013 and SEBI Guidance Note on Board evaluation read with relevant provisions of the SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees and Individual Directors through a separate meeting of Independent Directors and thereafter the Board as a whole. The Board evaluated the effectiveness of its functioning, that of the Committees and of individual Directors, after taking feedback from the Directors and committee members. The performance of the Independent Directors was evaluated by the entire Board except the person being evaluated. A separate meeting of Independent Directors was held on March 15, 2019 to review the performance of Non-Independent Directors', performance of the Board and Committee as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and the Non-Executive Directors.

#### **Board Diversity**

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background.

The Board recognizes the importance of a diverse composition and has adopted a Board Diversity Policy which sets out the approach to diversity. The Board diversity policy is available on our website: [https://frhl.in/upload/PDF/234\\_27\\_new\\_file\\_Board\\_Diversity\\_Policy.pdf](https://frhl.in/upload/PDF/234_27_new_file_Board_Diversity_Policy.pdf)



### **Committees of the Board**

Currently, the Board has five committees: the Audit committee, the Nomination and Remuneration committee, the Corporate Social Responsibility committee, the Stakeholders Relationship committee and the Risk Management committee. A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance Report Section of this Annual Report.

### **Number of Meetings of the Board**

During the year Five Board 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 SEBI (LODR) Regulations, 2015.

### **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. CODE OF CONDUCT:**

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has adopted a Code of Conduct and Ethics ('The Code'). The Code is applicable to the members of the Board, Senior Management and Designated employees of the Company. The code is available on our website : [www.frh1.in](http://www.frh1.in)

All the members of the Board , Senior Management and Designated Employees of the Company have affirmed compliance to the Code as on March 31, 2019.

A declaration to this effect signed by the Managing Director & C.E.O. forms part of this Annual Report.

### **21. 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 statements 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 drawing remuneration of more than Rs. 102 lakhs or drawing remuneration of Rs. 8.50 lakhs per month if employed part of the year as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **22. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) (e) of SEBI (LODR) Regulations, 2015 with the Stock Exchange, is given separately and forms part of this Annual Report.

### **23. CORPORATE GOVERNANCE:**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirement set out by the SEBI. The report on the Corporate Governance under Regulation 34 of the SEBI Listing Regulations read with Schedule V of the said Regulations forms part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of the Corporate Governance is attached to the Report on Corporate Governance.

### **24. ANTI-SEXUAL HARASSMENT INITIATIVE:**

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation. To empower women and protect women against sexual harassment, a policy for prevention of sexual harassment has been rolled out and Internal Complaints Committee as per legal guidelines has been set up. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process with clear timelines. There are no complaints reported during the year regarding sexual harassment.

### **25. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All related party transactions were placed before the Audit committee and also the Board for approval. A detailed statement of such related party transactions entered into pursuant to the approval so granted are placed before the Audit Committee for their review on a quarterly basis. Suitable disclosure as required by the India Accounting Standards (Ind AS – 24) has been made in the Notes to the Financial Statements. The Form No. AOC-2 is annexed to this Report as "Annexure A.

The Company has developed a Related Party Transactions Policy for the purpose of identification and Monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the web link: [https://frhl.in/upload/PDF/354\\_27\\_new\\_file\\_Related\\_Party\\_Transactions\\_Policy.pdf](https://frhl.in/upload/PDF/354_27_new_file_Related_Party_Transactions_Policy.pdf)

## **26. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The brief outline of the Corporate Social Responsibility policy of the Company and the initiatives undertaken by your Company on CSR activities during the year are set out in Annexure B of this Report in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy is available on the website of your Company at [https://frhl.in/upload/PDF/176\\_27\\_new\\_file\\_CSR\\_Policy\\_.pdf](https://frhl.in/upload/PDF/176_27_new_file_CSR_Policy_.pdf)

As a part of its initiatives under “Corporate Social Responsibility” (CSR), the Company has contributed funds to an institute for empowering women from economically backward groups, undertaken welfare activities like providing food, groceries supporting old age homes in celebrating key events, donated funds to an NGO for carrying out Rescue and Relief Operations. The Company has also donated funds for construction of an aided school building and provided contribution to a local school for providing education directly as part of the CSR initiative.

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

## **27. SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary.

## **28. VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The reportable matters may be disclosed to the Vigilance and Ethics Officer who has been appointed and who report to the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

The policy also allows addressing 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 Company has revised the Whistle Blower policy to insert “reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information (UPSI)” in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time and the revised policy was approved by the Audit Committee and the Board. The said

policy is available on the Company’s website at [https://frhl.in/upload/PDF/228\\_27\\_new\\_file\\_Policy\\_Vigil\\_Mechanism.pdf](https://frhl.in/upload/PDF/228_27_new_file_Policy_Vigil_Mechanism.pdf) and also forms part of the Directors Report as “Annexure C”.

## **29. INSIDER TRADING CODE:**

The Company has adopted an “Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons” (“the Code”) in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Code is applicable to Promoters, Promoter’s Group, all Directors and such Designated Employees who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Company has also formulated “the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)” in compliance with the PIT Regulations. This Code is displayed on the Company’s website viz. [www.frhl.in](http://www.frhl.in). The Company has also formulated “Policy on Inquiry” in case of leak of UPSI.

## **30. RISK MANAGEMENT:**

Although not mandatory, your Company has constituted a Risk Management Committee as a measure of good governance. The Risk Management Committee is responsible to frame, implement and monitor the risk management plan for the Company. The Committee reviews, the Risk Management Plan and ensures its effectiveness. The details of the Committee and its terms of reference are set out in the Corporate Governance Report.

Your Company has adopted a Risk Management Policy, pursuant to the provisions of Section 134(3) (n) of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of the Risk Management Policy is to identify the risks impacting the business and formulate strategies/policies aimed at risk mitigation as part of risk management.

The risk management framework is discussed in detail in the Management Discussion and Analysis report forming part of this Annual Report.

## **31. NOMINATION AND REMUNERATION POLICY**

In accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, the policy on Director’s appointment and remuneration, and Senior Management Personnel appointment and remuneration which has been formulated is enclosed as Annexure F and forms part of this Annual Report. The policy is also available on the