

39th Annual Report
2009 - 2010

FOMENTO RESORTS AND HOTELS LTD.



Fomento Resorts and Hotels Ltd
Cidade de Goa, Vanguinim Beach,
Goa - 403004, INDIA.
www.cidadedegoa.com



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 20th 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 31st March, 2010 and the Profit and Loss Account for the financial year ended 31st 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 10th September, 2010 to 20th 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 : 28th 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

Details of the Directors seeking appointment / reappointment in Annual General Meeting (Pursuant to Clause 49(VI) (G) of the listing Agreement)			
Name of Director	Mr. V. P. Raikar	Mr. P. G. Kakodkar	Mr. Raghunandan Maluste
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. Hardesh 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 31st March, 2010.

1. FINANCIAL RESULTS

	For the year ended 31/03/10	For the year ended 31/03/09
	(Rs. In 000)	(Rs. In 000)
Income	424776	445299
Operating Expenses	289679	308277
Gross Operating Profit	135097	137022
Less :		
Interest and Financial Charges	1886	2922
Depreciation	28509	26748
Profit before tax	104702	107352
Less : 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>273822</u>	<u>239083</u>
Appropriations		
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>273822</u>	<u>239083</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 _____
of _____ 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 : 28th 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 : 28th 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 31st March 2010 and of the profit of the Company for the year ended 31st 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.,

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

ANJU TIMBLO
MANAGING DIRECTOR

V. P. RAIKAR
DIRECTOR

Place : Vainguinim Beach, Goa.
Date : 28th July, 2010

CASH FLOW STATEMENT

(Rupees in 000)

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Net Loss) before tax & Extra-ordinary items	104641	107824
Adjustment for:		
Depreciation	28509	26748
Interest/Dividend received	(4764)	(3940)
Interest and financial charges	1886	2922
Profit on Sale of Asset	(187)	0
Loss on sale of assets	0	1259
Operating Profit before working Capital changes	130085	134813
Adjustments for		
Trade & Other Receivables	18131	52147
Inventories	1918	(2786)
Trade payable	(32580)	(106253)
Cash generated from Operations	117554	77921
Interest / Bank Charges Paid	(1886)	(2922)
Cash flow before Extra-ordinary items	115668	74999
Extra-ordinary items	61	(472)
Net Cash from Operating Activities (A)	115729	74527
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(29459)	(61562)
Sale of Fixed Assets	2868	472
Interest received	3244	6371
Dividend Received	2	2
Net Cash used for Investing Activities (B)	(23345)	(54717)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term and short term Borrowing	227	(1838)
Dividend Paid	(24000)	(24000)
Tax on Dividend	(4079)	(4079)
Net Cash from Financing Activities (C)	(27852)	(29917)
Net increase in Cash & Cash equivalents (A+B+C)	64532	(10107)
Opening Balance of Cash & Cash equivalents	78565	88672
Closing Cash & Cash equivalents	143097	78565

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20 Information pursuant to Part IV of Schedule VI of the Companies Act, 1956, is enclosed separately.

21 Schedule 'A' to 'T' form an integral part of the Balance Sheet and Profit & Loss Account.

AS PER OUR SEPARATE REPORT OF EVEN DATE FOR AND ON BEHALF OF BOARD OF DIRECTORS

FOR **H.K. APARANJI**
CHARTERED ACCOUNTANTS

Sd/-
ANJU TIMBLO
MANAGING DIRECTOR

Sd/-
V.P. RAIKAR
DIRECTOR

Sd/-
MOHAN B. PYATI
PARTNER

Sd/-
I.B. MUCHANDI
COMPANY SECRETARY & OFFG. CHIEF FINANCE OFFICER

PLACE: MARGAO - GOA
DATED: 28th July, 2010

PLACE: VAINGUINIM BEACH, GOA.
DATED: 28th July, 2010

Fomento Resorts and Hotels Limited

**MANAGEMENT DISCUSSION AND ANALYSIS
2009 - 2010**

Hospitality industry in India continues to emerge as one of the fast growing sectors. A number of well known international hotels brands have already entered the country and more are likely to follow. Many international hotel chains have set up resorts in Goa. We are coming out of recession and demand growing for Goa as a Tourist destination.

The growing market and interest in Goa as one of the top tourist destination is an opportunity for the industry players to create facilities for up market tourism with the required infrastructure in roads, public conveyance, medical facilities, airport services, safety and cleanliness as internationally expected by the discerning tourists of today as soon as possible. With the development in Tourism skilled employment will be in demand leading to more education emphasis, revenues opportunities and better standards of living.

The Structure and Development

There is a urgent need for the government to expedite action in the areas of infrastructure, tourism policy and regulations and encouragement of required education to service the demands.

Threats and Concerns

As the economy slowly revives we will see the positive trends in the hospitality industry too. The tourism and Hospitality industry has attained an importance in the world economy and is expected to continuously grow in the future.

The threat to the industry is any delay in execution of planning as required for the industry to convert the opportunity into growth and have the strength to face any threats. Tourism business being fragile, it requires security and safety for visitors and investors.

Terrorists' threat has compelled to strengthen security arrangements. Company has established check posts at critical areas and security checks are undertaken.

CCTV has been installed at strategic locations and monitored by security and can be viewed by concerned senior executives. Floor patrolling is being carried out at regular interval on all the floors of the building and in grounds of the property.

Manpower and human resource development

Another concern is the important requirement of skilled work force to help keep the standards of service. We require more investment and effort in special schools and programs to train persons for all levels of responsibilities. The supply of school seats has to meet the demand of

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students wanting to specialize and quality in this industry.

Goa must not take growth of tourism for granted but rather plan and work towards bettering and sustaining the hospitality industry.

Today tourism with hotels, transport (buses, cars, taxis, motor cycles etc.), travel agencies, tour operators, restaurants, shops, crafts has become a major earner for Goa and employs more than 35% of the work force. It also attracts people from all over the country, as the opportunities for growth are varied for the work force.

The industrial relations in this sector are generally peaceful but there is a very high turnover as there are constant attacks from local hotels on each other to take skilled labour. There is also a continuous exodus of skilled people to Cruise liners, Middle East and other parts of the world.

There is an urgent need to emphasize on continuous training and more schools for graduating a work force to meet the needs of the industry at all levels.

We have setup an Academy of Culinary Education to graduate Chefs every year. 20 Chefs are placed every year by Academy of Culinary Education in top hotels and institutions in India and internationally including at Cidade de Goa.

The whole setup of tourism has to be up-market to be able to train and retain skilled work force.

Outlook

As the economy slowly revives we will see the positive trends. The tourism and Hospitality industry has attained an importance in the world economy and is expected to grow in the future.

Internal Control System and their adequacy

The Company has a proper and adequate system of internal control in order to ensure that all assets are safeguarded against loss from unauthorized use or disposal. All transactions are properly checked, verified, recorded and reported correctly. Wherever required, control systems are reviewed to adopt the changing environment. Audit Committee reviews this process.

Safety, Health and Environment

Your Company is giving utmost importance to safety, health and environment related issues. The employees are continuously educated and trained to improve their awareness and skills. A separate training cell is entrusted with this responsibility.

All safety statutory requirements like Licences, testing etc. are being complied with. As a proactive approach, periodical safety audit is conducted to identify and eliminate possible potential causes of accidents. Medical checkup for the employees is being conducted at the

Fomento Resorts and Hotels Limited

(C) Details of transactions relating to (A) and (B) referred above

Rs. in lacs

Particulars	Associates					Key Management Personnel	Relative of Key Management Personnel
	SFI	SRRT	FKPL	ILPL	MML		
Sale of Services (Room, Food, Beverages and other services)	39.44	0.18	23.17	19.90	NIL	NIL	NIL
Remuneration	NIL	NIL	NIL	NIL	NIL	29.68	6.58
Sharing of expenses	13.91	NIL	NIL	8.77	NIL	NIL	NIL
Other recoveries	NIL	NIL	NIL	44.12	NIL	NIL	NIL
Outstanding current account balance receivable / (payable)	10.31	0.17	2.68	13.73	74.73	NIL	NIL

Relatives of Key Management Personnel – Mr. Akash Timblo

18. Earnings Per Share

	2010	2009
Net Profit / (Loss) after tax	69773690	69555079
Weighted Average Number of Equity Shares	16000000	16000000
Basic E.P.S.	4.36	4.35

19 Previous year's figures have been re-grouped and re-arranged wherever necessary to conform to the current year's figures.

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14. The estimated amount of contracts remaining to be executed on Capital Account not provided for Rs 195,09,766 /- (Previous Year Rs267,06,102/-)

15. Contingent Liabilities:

- a) Claims against the company not acknowledged as debt: NIL (Previous year : NIL)
- b) Other monies for which the Company is contingently liable:

	Current Year (Rs) (Rs in lacs)	Previous Year (Rs) (Rs in lacs)
(i) Disputed Expenditure Tax Liability	676.88	676.88
(ii) Bank Guarantee	113.53	153.16

16. The Company has not recognized any loss on impairment in respect of assets of the Company as required in terms of Accounting Standard 28 on "Impairment of assets" issued by the Institute of Chartered Accountants of India , since in the opinion of the management the reduction in value of any assets, to the extent required, has already been provided for in the books.

17. Related Party Disclosures:

(A) Particulars of Subsidiary / Associates Companies

Name of the Related Party	Nature of Relationship
(i) Sociedade de Fomento Industrial Pvt. Ltd. (SFI)	Associate Company
(ii) Marmugao Maritima Limited (MML)	Associate Company
(iii) Infrastructure Logistics Pvt. Ltd. (ILPL)	Associate Company
(iv) Fomento (Karnataka) Mining Company Pvt. Ltd (FKPL)	Associate Company
(v) Shelvona Riverside Rail Terminal Ltd. (SRRT)	Associate Company

(B) Key Management Personnel:

Name of the Related Party	Nature of Relationship
(i) Mrs. Anju Timblo	Managing Director
(ii) Mr. Auduth Timblo	Director

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pre-employment stage and thereafter periodical check-up is undertaken during the continuance of the employment period.

Requirement of environmental acts and regulations are complied with. Monitoring and analysis of waste water is undertaken periodically to verify whether levels of environmental parameters are well within the specified limit.

Development in Human Resources and Industrial Relations

Industrial relations remained cordial during the Financial Year. The Company is particularly fortunate in having created a team of dedicated employees who share a commitment and vision to continue to provide service with high quality. This has helped the Company to develop a competitive edge.

Foreign Exchange fluctuation risks

Your Company has a significant exposure to currency fluctuations with a large portion of its revenue denominated in foreign currency, particularly the US Dollar.

Competition

To successfully counter the risk from growing competition and new properties, your Company is continuously renovating and repositioning its property to remain contemporary.

Product Maintenance

Keeping in time with its ongoing program in refurbishment of its property, Company has completed refurbishment of all rooms and guest related areas including restaurants, meeting rooms, Swimming Pool and public area.

Guest Experience

Company continues to take significant steps to enhance guest experience by improving the product and service levels to be in line with the best in class hotels. The objective is to keep the product contemporary and meet the expectations of the discerning traveler.

Cautionary Statement:

Statement in the management discussions and analysis describing company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results would differ materially due to impact of supply and demand forces, price conditions in domestic and overseas market.

Corporate Governance Report for the Year 2009 – 2010

1. The Company's Corporate Governance Policies

The Company is committed to adhere to the code of corporate governance as it means the adoption of best business practices aimed at growth of the company coupled with bringing benefits to the investors, customers, creditors employees and the society at large.

The objective of the company is not just meet the statutory requirements of the code of corporate governance as prescribed under clause 49 of the listing agreement but to develop such system and follow such practices and procedures to satisfy the spirit of law.

The Company's Corporate Governance framework will thus encourage efficient use of resources and ensures accountability for the stewardship of these resources. Its importance lies in the contribution it makes to the overall growth and direction of the business, management accountability and transparency and above all, equitable treatment to its stakeholders.

Towards this end, Company is making extensive disclosures on the Company and its Board of Directors as per recommendations of the SEBI Committee on Corporate Governance.

2. Board of Directors.

During the year Company's Board consists of Eight Directors comprising of Seven Non-Executive and a Managing Director. Board consists of six independent Directors. None of the Directors on the Board is a Member of more than Ten Committees and Chairman of more than Five Committees, across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Board Meeting, Annual General Meeting and Attendance Record

Date of Board Meeting	Place	No. of Directors Present
25 th April 2009	Dona Paula, Goa	5
25 th July 2009	Dona Paula, Goa	7
17 th August 2009	Dona Paula, Goa	5
24 th October 2009	Dona Paula, Goa	5
30 th January 2010	Dona Paula, Goa	4
22 nd March 2010	Dona Paula, Goa	5

**11. Expenditure in foreign currency:
(on payment basis)**

		Current Year (Rs)	Previous Year (Rs)
i	Foreign Travel	273586	315588
ii	Sales Promotion Expenses/Advt.	802296	1368768
iii	Technical Consultancy Fees	-	2392096

12. Value of raw material consumed

	Current Year (Rs)		Previous Year (Rs)	
	Amount	%	Amount	%
A) Food & Beverage				
i) Imported (locally procured)	3466203	8	3862215	9
ii) Indigenous	39767471	92	38184880	91
Total	43233674	100	42047095	100
B) Stores, Supplies & Spare parts				
i) Imported	237502	1	404647	2
ii) Indigenous	20597944	99	19649149	98
Total	20835446	100	20053796	100

13. Earnings in foreign Exchange:

	Current Year (Rs)	Previous Year (Rs)
Hotel Receipts (as reported by the Company to the Department of Tourism, Govt. of India)	83854432	93303076

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	Provisions, Beverages (excluding wine & Liquor) & Smokes Rs.	Wine & Liquor Rs.	Total Rs.
Opening Stock	1594045	2934174	4528219
Add: Purchases	40266556	2886686	43153242
Less: Closing Stock	1918097	2529690	4447787
Consumption during the year	39942504	3291170	43233674

4. Balance in Sundry Debtors, Creditors and other advances are subject to confirmation.
5. Sundry Debtors include an amount of Rs. 8521209/- (Previous Year Rs. 8797502/-) due from companies in which some of the Directors are common.
6. Sales are net of commission of Rs. 18449985 /- (Previous Year Rs. 23023834/-).
7. Based on the information available with the Company, there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.
8. The company has made application for compounding of offence under section 621A read with section 297(1) of the Companies Act, 1956 in respect of service contract entered into with two private limited companies involving an amount of Rs. 62.61 lacs for which prior approval of the Central Government as required under proviso to the said section was not obtained.
9. **Components of deferred tax asset / (liabilities) are as under:**

Particulars	Current Year (Rs)	Previous Year (Rs)
Depreciation	(39060374)	(41254634)
Bonus	589027	630955
Total	(38471347)	(40623679)

10. Value of imports calculated on C.I.F. basis:

		Current Year (Rs)	Previous Year (Rs)
i	Components & Stores	237502	2042720
ii	Capital Goods for Hotel	7847664	3010867

Fomento Resorts and Hotels Limited

Details of attendance of the Directors at Board Meeting during the Financial year and at the Company's Thirty Eight Annual General Meeting together with the number of other Directorships and Committee Memberships held by them are as follows:

	Relationship with other Directors	No. of Board Meetings		Attended Last AGM	No. of other Directorships In public Company	Committee Membership
		Held	Attended			
Mrs. Anju Timblo	Wife of Mr. Auduth Timblo	6	5	Yes	-	-
Mr. Auduth Timblo	Husband of Mrs. Anju Timblo.	6	6	No	2	-
Mr. V.P. Raikar		6	5	Yes	-	-
Mr. Shardul Thacker		6	3	No	5	5
Mr. P.G. Kakodkar		6	1	No	9	-
Mr. Jamshed Delvadavala		6	4	Yes	2	-
Mr. Raghunandan Maluste		6	3	No	1	-
Mr. Reyaz Mama		6	4	No	1	-

3. Remuneration of Directors

Emoluments & benefits paid to Managing Director is Rs. 29,68,000/-. Directors who attend the Board / Committee meetings are paid sitting fees. During the Financial year a sum of Rs. 1,90,000/- has been paid as sitting fees for Board and other Committee Meetings.

4. Audit Committee

Brief description of terms of reference of audit committee, inter alia are:

1. Overseeing of the companies financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

2. Recommending to the board, the appointment, reappointments and if required, the replacements or removal of statutory auditors and fixation of audit fees.
3. Reviewing with Management annual financial statements, any changes in accounting polices, major accounting policies, compliance with accounting standards and qualifications if any in the draft audit report.

The Terms of Reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year the audit committee met four times and required members were present in the meetings held on 25th April, 2009; 25th July, 2009; 24th October, 2009 and on 30th January, 2010.

The Audit Committee consists of four independent Directors. The details of its composition is as follows:

- Mr. Jamshed Delvadavala, Chairman
- Mr. P. G. Kakodkar, Member
- Mr. V. P. Raikar, Member
- Mr. Reyaz Mama, Member

The Company Secretary is Secretary of the Committee.

Company Secretary, Internal Auditor and the Statutory Auditors are permanent invitees to the Audit Committee.

5. Remuneration Committee

The Committee comprises of three Directors as under:

- Mr. Jamshed Delvadavala – Chairman
- Mr. P. G. Kakodkar.
- Mr. Raghunandan Maluste

The Company Secretary is Secretary of the Committee.

The broad terms of reference of the Remuneration Committee are as follows:

- a) Review the performance of the Managing Director, after considering the Company's performance.
- b) Recommend to the Board remuneration including salary, perquisite etc. to be paid to the Managing Director.

The Company has complied with the non-mandatory requirement of Clause 49, regarding the remuneration Committee.

the time the transactions are effected. Exchange differences arising on realisation of foreign currency are accounted at the time of realisation. Foreign currency assets and liabilities are translated into rupees at the exchange rate prevailing at the Balance Sheet date.

G) REVENUE RECOGNITION:

Revenue is recognised at the time the bills are raised to customers and there exist no significant uncertainty as to determination or realisation of debts.

H) SEGMENT REPORTING:

The Company is presently operating only one integrated hotel business at Goa namely, Cidade de Goa. The entire operation is governed by the same set of risk and returns and hence the same has been considered as representing a single segment. The said treatment is in accordance with the guiding principles enunciated in Accounting Standard 17 (AS-17) issued by the Institute of Chartered Accountants of India on Segment Reporting.

I) TAXES ON INCOME:

Provision for Income tax is made on the basis of tax liability computed in accordance with relevant tax rates and tax laws. Provision for deferred tax has been made as per Accounting standard 22 (AS-22) issued by the Institute of Chartered Accountants of India. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance sheet date.

2. Capital work in progress represents advance payment / development and other expenses in respect of new projects amounting to Rs.11,78,74,814/- (Previous year Rs.11,15,25,072/-).
3. Company is carrying on business of hotelier. Government of India, Department of Company Affairs vide their order No. 46/143/2009-CL-III dated 20th May 2009 exempted from disclosure of quantitative details for the year ended 31st March 2009, 31st March, 2010 and 31st March, 2011. As required by the above order the following information is furnished.

- a) Income from Rooms, Restaurants & Other services includes:

(Amount in Rs.)

i	Income from sale of Wine & Liquor	15671180
ii	Income from Telephone and Telex	152019

SCHEDULE 'T'

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. ACCOUNTING POLICIES:

Basis of preparation

The financial statements of the Company are prepared under the historical cost convention on accrual basis of accounting in all material respects in accordance with the applicable accounting standards and the provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company during the year.

Significant Accounting Policies adopted in the preparation and presentation of accounts are as under:

A) FIXED ASSETS:

Fixed Assets are valued at cost less accumulated depreciation.

B) DEPRECIATION:

- a) In respect of Leasing Division depreciation has been provided on written down value method as per the rates mentioned in Schedule XIV of the Companies Act, 1956.
- b) In respect of Hotel Division depreciation has been provided on the Straight Line Method as per the rates mentioned in Schedule XIV of the Companies Act, 1956.

C) INVESTMENTS:

Investments are stated at cost.

D) INVENTORY:

Inventory of Stores & Spares, Food & Beverages is valued at cost and method of valuation adopted is 'First in First out'.

E) RETIREMENT BENEFITS:

Retirement benefits to employees are provided by way of contribution to Provident Fund, Superannuation Fund & Gratuity. Contribution for Gratuity is made on actuarial valuation to HDFC Employees Gratuity Trust. Superannuation contributions are made to HDFC Standard Life Insurance Company Ltd.

F) FOREIGN CURRENCY TRANSACTIONS:

Transactions in Foreign Currency are recorded at the rates of exchange in force at

6. Remuneration Policies

The Company while deciding the remuneration package of the senior management members takes into consideration the following items:

- a) employment scenario
- b) remuneration package of the industry and
- c) remuneration package of the managerial talent of other industries.

Apart from sitting fees, no remuneration is paid to the Directors other than the Managing Director. Directors other than Managing Director who attend Board, Committee Meetings, are paid sitting fees of Rs.5000/- per meeting.

7. Shareholders Grievance Committee

The Committee comprises of Three directors. The present Chairman is Mr. Shardul Thacker and Mr. V. P. Raikar and Mrs. Anju Timblo are members. Mr. I. B. Muchandi is Secretary to the Committee.

No complaint was received from any shareholder during the year.

8. General Body Meetings

Year	Type	Location	Date	Time
2006-2007	AGM	Regd. Office, Cidade de Goa, Vainguinim Beach, Goa.	29/09/07	4.00 p.m
2007-2008	AGM	Regd. Office, Cidade de Goa, Vainguinim Beach, Goa.	29/09/08	4.00 p.m
2008-2009	AGM	Regd. Office, Cidade de Goa, Vainguinim Beach, Goa.	29/09/09	4.00 p.m

- a) No Special resolution was passed during the last Annual General Meeting.
- b) There is no item on the agenda of the forthcoming AGM that needs approval by postal ballot.

9. Disclosures

- i) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant transactions with the related parties such as Promoters, Directors, Associates, Key Managerial personnel, Relatives, etc. that could potentially conflict with the Company's interest.
- ii) Incorporated in the Annual Report are the mandatory disclosures of transactions with related parties in compliance with Accounting Standard AS-18.

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- iii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.
- iv) The Company has adopted a whistle Blower Policy and no personnel has been denied access to the Managing Director/Chairman of the Audit Committee.
- v) The Directors and other identified persons have observed and complied with the requirements of the Code of Conduct of the Company and regulation for Prevention of Insider Trading in Equity Shares of the Company in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
- vi) The Company has set up Remuneration Committee which is non - mandatory requirement prescribed under the Listing Agreement.
- vii) The company complies with all the requirement of Listing Agreement including the mandatory requirements of clause 49 of the Listing Agreement.
- viii) The Board of Directors regularly review the Risk Management strategy of the company to ensure the effectiveness of the Risk Management policy and procedure.

10. Means of Communication

The statement below sets our official release of financial information during the Financial Year.

Sr. No.	Nature of Communication	Media Used
1	Quarterly Unaudited Financial Statement (1 st Quarter 2009-2010)	Newspapers (Local & National)
2	Half-yearly Unaudited Financial Statement (2 nd quarter 2009-2010)	Newspapers (Local & National)
3	Quarterly Unaudited Financial Statement (3 rd Quarter 2009-2010)	Newspapers (Local & National)
4	Quarterly Unaudited Financial Statement (4 th Quarter 2009-2010)	Newspapers (Local & National)
5	Forwarded to the Stock Exchange the above information	Unaudited Financial Statement First quarter: 2009-10 Unaudited Financial Statement Second quarter: 2009-10 Unaudited Financial Statement Third quarter: 2009-10 Unaudited Financial Statement Fourth quarter: 2009-10

Fomento Resorts and Hotels Limited

<u>PARTICULARS</u>	<u>AS AT 31.03.10</u> (Rupees in 000)	<u>AS AT 31.03.09</u> (Rupees in 000)
SCHEDULE - R		
ADMINISTRATIVE, MARKETING AND GENERAL EXPENSES		
i) WATCH & WARD and SECURITY EXPENSES	6854	5366
ii) POSTAGE & TELEPHONE	1997	2026
iii) ADVERTISING & SALES PROMOTION	24013	26768
iv) MISCELLANEOUS EXPENSES	4396	4100
v) SPORTS SPONSORSHIP	44245	317476
vi) LEGAL & CONSULTANCY FEES	160	44
vii) INSURANCE	3617	3156
viii) DIRECTORS SITTING FEES	190	260
ix) AUDITORS REMUNERATION		
a) AUDIT FEES	325	
b) TAXAUDIT FEES	121	
c) OTHER CAPACITY	22	
d) OUT OF POCKET EXPENSES	72	
	540	439
x) SUNDRY DEBIT BALANCES WRITTEN OFF	21	150
xi) LOSS ON SALE OF ASSETS	0	1259
xii) RENT RATES & TAXES	6780	9621
xiii) TRAVELLING & CONVEYANCE (INCLUDES DIRECTORS TRAVELLING EXPENSES RS. 1,55,522/-) (PREVIOUS YEAR RS. 3,28,731/-)	11887	15107
xiv) DONATIONS	489	0
TOTAL	68277	79664
SCHEDULE - S		
INTEREST & FINANCIAL CHARGES		
i) ON TERM LOAN	3	6
ii) ON OTHER LOAN	0	39
iii) BANK CHARGES & COMMISSION	1883	2877
TOTAL	1886	2922

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<u>PARTICULARS</u>	<u>AS AT 31.03.10</u> (Rupees in 000)	<u>AS AT 31.03.09</u> (Rupees in 000)
SCHEDULE - P		
EMPLOYEES REMUNERATION & WELFARE EXPENSES		
i) SALARY & WAGES INCLUDING DIRECTOR'S REMUNERATION (INCLUDING MANAGING DIRECTOR'S REMUNERATION RS. 26,50,000/- PREVIOUS YEAR RS. 21,90,000/-)	56008	53276
ii) COMPANY'S CONTRIBUTION TO P.F., F.P.F.& OTHER FUNDS (INCLUDING RS.3,18,000/- RELATED TO MANAGING DIRECTOR, PREVIOUS YEAR RS. 2,62,800/-)	5160	4871
iii) PAYMENT TO MEDICAL,BONUS,LTA, GRATUITY,DUTY MEALS,STAFF DROP, TRAINING RECRUITMENT STAFF WELFARE ETC. (INCLUDING GRATUITY RS. NIL/- PREVIOUS YEAR RS .NIL/-)	11520	12343
iv) HRD TRAINING COSTS	0	0
TOTAL	<u>72688</u>	<u>70491</u>
SCHEDULE - Q		
OPERATING EXPENSES		
HIRE CHARGES OF LIGHTING FIXTURES & VEHICLES	3292	4122
POWER,FUEL,LIGHT & WATER CHARGES	29017	31769
FREIGHT & CARTAGE EXPENSES	419	477
REPAIRS AND MAINTAINANCE		
a) REPAIRS TO BUILDING	22146	23946
b) REPAIRS TO MACHINERY	8340	8403
c) OTHER REPAIRS	4264	9654
LAUNDRY EXPENSES	7219	7542
BAND MUSIC DECORATION & HORTICULTURE	10009	9636
TOTAL	<u>84706</u>	<u>95549</u>

Fomento Resorts and Hotels Limited

11. Management Discussion and Analysis Report –

The Management Discussion and Analysis Report forms part of the Directors Report. All matters pertaining to industry structure and developments, opportunities and threats, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

12. General Shareholders Information

AGM: Date, Time and Venue - 20th September, 2010 at 4.00 p.m
Grande Sala
Cidade de Goa
Vainguinim Beach
Goa – 403 004.

As required under Clause 49 IV(G)(i), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 20th September, 2010.

Date of Book Closure - 10th to 20th September, 2010

Location - Cidade de Goa,
Vainguinim Beach
Goa – 403 004

13. Shareholders Information.

Financial Calendar

- Financial reporting for the quarter ending June 30, 2010 : End July 2010
- Financial reporting for the half year ending Sept. 30, 2010 : End October 2010
- Financial reporting for the quarter ending Dec. 31, 2010 : End January 2011
- Financial reporting for the year ending March 31, 2011 : End April 2011
- Annual General Meeting for the year ended March 31, 2011 : End Aug/Sept. 2011

Registered Office & Share Department : Cidade de Goa,
Vainguinim Beach, Goa-403004

Equity Listed at : 1. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400023

Stock Code : 503831

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2. The Stock Exchange, Ahmedabad
Kamadhenu Complex,
Near Polytechnic, Panjara Pole,
Ahmedabad – 380 015

Stock Code- : 17410

Market Price data during Financial year 2009-10

Months	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb	Mar
High	N.T	N.T	210	276	227	N.T	220	189	179	146	125	124
Low	N.T	N.T	183	210	200	N.T	199	189	116	112	113	97

N.T. denotes not traded

Registrar and Transfer Agents : In-house Share Transfer
(For Share transfers and other Share Department
communication relating to share Cidade de Goa.
Certificates and change of address etc.) Vanguinim Beach,
Goa – 403 004
Tel: (0832) 2454545
Fax: (0832) 2454541/42
Email: ibm@cidadedegoa.com

Share Transfer System :

Share transfers are registered within 30 days from the date of receipt, if the documents are clear in all respects.

Investor Services :

During the year there were no complaints received from the share holders.

Fomento Resorts and Hotels Limited

<u>PARTICULARS</u>	<u>AS AT 31.03.10</u> (Rupees in 000)	<u>AS AT 31.03.09</u> (Rupees in 000)
SCHEDULE - N		
OTHER INCOME		
INTEREST RECEIVED (GROSS)	4762	3938
(TDS - RS. 4,99,483/-) (PREVIOUS YEAR RS. 12,08,572/-)		
LICENCE FEES (GROSS)	13079	7471
(TDS - RS. 18,73,550/-) (PREVIOUS YEAR RS. 16,88,304/-)		
RENT	12	12
GAIN ON ACCOUNT OF FOREIGN EXCHANGE TRANSACTION	1426	5502
SCRAP SALE	372	353
OTHER INCOME	863	848
DIVIDEND INCOME	2	2
PROFIT ON SALE OF ASSET	187	0
EXCESS PROVISION WRITTEN BACK	8	14
SUNDRY CREDIT BALANCE WRITTEN BACK (NET)	383	2621
TOTAL	21094	20760

SCHEDULE - O

CONSUMPTION OF FOOD & BEVERAGE

OPENING STOCK	4528	3918
ADD : PURCHASES	43153	42657
	47681	46575
LESS : CLOSING STOCK	4447	4528
(A)	43234	42047

CONSUMPTION OF STORES & SUPPLIES

OPENING STOCK	33011	30834
ADD : PURCHASES	18998	22230
	52009	53064
LESS : CLOSING STOCK	31174	33011
(B)	20835	20053
TOTAL (A) + (B)	64069	62100

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PARTICULARS	AS AT 31.03.10 (Rupees in 000)	AS AT 31.03.09 (Rupees in 000)
SCHEDULE - J		
OTHER CURRENT ASSETS		
INTEREST ACCRUED ON FIXED DEPOSITS	3277	1759
TOTAL	3277	1759
SCHEDULE - K		
LOANS AND ADVANCES (UNSECURED - CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED	62867	81064
DEPOSITS	2248	2249
PREPAID EXPENSES	5411	4958
TOTAL	70526	88271
SCHEDULE - L		
CURRENT LIABILITIES		
CREDITORS FOR OPERATING SUPPLIES AND EXPENSES	36335	34189
IEPF - UNCLAIMED DIVIDEND	1174	914
OTHER LIABILITIES	37859	33836
TOTAL	75368	68939
SCHEDULE - M		
PROVISIONS		
TAXATION	37080	38925
OTHERS	1773	1856
PROPOSED DIVIDEND	24000	24000
TAX ON PROPOSED DIVIDEND	4079	4079
TOTAL	66932	68860

Fomento Resorts and Hotels Limited

Distribution of Shareholding as on 31st March'10

No. of shares held	No. of Shareholders
Upto 100	2451
101 – 250	589
251 – 500	325
501 – 1000	115
1001 onwards	73
TOTAL	3553

Details of use of public funds obtained
in the last three years

: No public funds were obtained during
the period

Investor Correspondence

: The Company Secretary
Fomento Resorts & Hotels Ltd.
Registered Office : Cidade de Goa
Vainguinim Beach, Goa – 403 004
Tel: (0832) 2454545
Fax: (0832) 2454541/42
Email:ibm@cidadedegoa.com

Other Useful Information for Shareholders:

- For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
- Shareholders of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and sent the relevant Share Certificates to the Company.
- Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form which can be obtain from the Share Department of the Company or send your request for the

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said Form on email on ibm@cidadedegoa.com.

- d) Shareholders are requested to give us their valuable suggestions for improvement of our investor services.
- e) Shareholders are requested to quote their E-mail Ids, Telephone/Fax Numbers for prompt reply to their communication.

For and on behalf of the Board of Directors

ANJU TIMBLO
MANAGING DIRECTOR

V. P. RAIKAR
DIRECTOR

Place : Vainguinim Beach, Goa.

Date : 28th July, 2010

Fomento Resorts and Hotels Limited

<u>PARTICULARS</u>	<u>AS AT 31.03.10</u> (Rupees in 000)	<u>AS AT 31.03.09</u> (Rupees in 000)
<u>SCHEDULE - F</u>		
INVESTMENT (UNQUOTED AT COST)		
1,000 SHARES OF SARASWAT CO-OP. BANK LTD. AT RS. 10/- EACH	10000	10000
TOTAL	10000	10000
<u>SCHEDULE - G</u>		
INVENTORIES		
(AT COST) (AS VALUED AND CERTIFIED BY THE MANAGING DIRECTOR OF THE COMPANY)		
STORES, SPARES AND CONSUMABLES	31173	33011
STOCK OF RAW MATERIALS	4448	4528
TOTAL	35621	37539
<u>SCHEDULE - H</u>		
SUNDRY DEBTORS		
(UNSECURED - CONSIDERED GOOD)		
DEBTS OUTSTANDING OVER SIX MONTHS	8498	8484
OTHER DEBTS	38821	39220
TOTAL	47319	47704
<u>SCHEDULE - I</u>		
CASH AND BANK BALANCES		
CASH AND CHEQUES ON HAND	6495	6712
BALANCE WITH SCHEDULED BANKS	30836	23383
HDFC - FRHL UNCLAIMED DIVIDEND	1174	915
FIXED DEPOSITS (Rs 2,83,8250/- WORTH OF FIXED DEPOSITS PLEDGED AS SECURITY AGAINST GUARANTEES ISSUED BY THE BANK (PREVIOUS YEAR Rs. 92,08,484/-)	104591	47555
TOTAL	143096	78565

SCHEDULE - "E"
SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (Rupees in 000)

Sr. No	PARTICULARS	A T C O S T			D E P R E C I A T I O N			N E T B L O C K			
		AS ON 4.01.09	ADDITIONS	DEDUCTIONS	AS ON 31.03.10	UP TO 04.01.09	FOR THE YEAR	DEDUCTIONS	UP TO 31.03.10	AS ON 31.03.10	AS ON 31.03.09
1	LAND FREE HOLD LEASING DIVISION HOTEL DIVISION	288 12,030	0 0	0 0	288 12,030	0 0	0 0	0 0	0 0	288 12,030	288 12,030
2	BUILDING LEASING DIVISION HOTEL DIVISION	1,056 209,107	0 3,341	0 1,487	1,056 210,961	727 51,363	16 3,405	0 302	743 54,466	313 156,495	329 157,744
3	PLANT & MACHINERY	221,709	14,746	4,418	232,037	128,263	10,796	3,045	136,014	96,023	93,446
4	FURNITURE & FITTINGS AND OFFICE EQUIPMENT	116,658	4,857	1,233	120,282	83,329	11,200	1,110	93,419	26,863	33,329
5	MOTOR VEHICLES	26,435	0	0	26,435	7,969	2,511	225,126	10,480	15,955	18,466
6	COMPUTERS	19,369	165	0	19,534	15,425	581	0	16,006	3,528	3,944
	TOTAL	606,652	23,109	7,138	622,623	287,076	28,509	4,457	311,128	311,495	319,576
	PREVIOUS YEAR	570,901	41,472	5,721	606,652	264,318	26,748	3,990	287,076	319,576	306,583

NOTES:

- 1 Building (Hotel division) includes :
(a) Rs. 500/- being the cost of shares in Housing Co-operative society representing ownership rights in residential flats.
(b) Rs. 14,726,324/-representing cost of residential flats including undivided interest in land.

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the shareholders of Fomento Resorts and Hotels Ltd.,

We have examined the compliance of conditions of corporate governance by Fomento Resorts and Hotels Limited, for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For H.K.APARANJI
CHARTERED ACCOUNTANTS

MOHAN B. PYATI
PARTNER

Place : Margao, Goa
Date : 28th July, 2010

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Fomento Resorts and Hotels Ltd, as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 3 Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

<u>PARTICULARS</u>	<u>AS AT 31.03.10</u> (Rupees in 000)	<u>AS AT 31.03.09</u> (Rupees in 000)
SCHEDULE - C		
SECURED LOANS		
CASH CREDIT IDBI BANK [REFER NOTE BELOW]	328	101
TOTAL	<u>328</u>	<u>101</u>
<hr/>		
SCHEDULE - D		
UNSECURED LOANS		
FROM PROMOTERS (INCLUDES COMPANY WHERE SOME OF THE DIRECTORS ARE COMMON)	112391	112391
TOTAL	<u>112391</u>	<u>112391</u>
NOTES :		
1. Secured against hypothecation of Provisions / Stores, Food & Beverages, Cutlery, Crockery, glassware, silverware, linen and maintenance stores, book debts and second charge on fixed assets of the Company.		

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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-03-10			
PARTICULARS	AS AT 31.03.10	AS AT 31.03.09	
	(Rupees in 000)	(Rupees in 000)	
SCHEDULE - A			
SHARE CAPITAL			
AUTHORISED :			
40000000 EQUITY SHARES OF RS10/- EACH	400000000	400000000	
	<u>400000000</u>	<u>400000000</u>	
ISSUED, SUBSCRIBED AND PAIDUP :			
16000000 EQUITY SHARES OF RS10/- EACH , FULLY PAID UP	160000000	160000000	
TOTAL	<u>160000000</u>	<u>160000000</u>	
SCHEDULE - B			
RESERVES & SURPLUS			
(a) CAPITAL RESERVE	221	221	
(b) CAPITAL INVESTMENT SUBSIDY (AS PER LAST BALANCE SHEET)	1500	1500	
(c) GENERAL RESERVE AS PER LAST ACCOUNT	28265		
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	6977	35242	28265
(d) PROFIT AND LOSS ACCOUNT	238766	204048	
TOTAL	<u>275729</u>	<u>234034</u>	

Fomento Resorts and Hotels Limited

(e) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(1) in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2010;

(2) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For H.K. APARANJI
CHARTERED ACCOUNTANTS

MOHAN B. PYATI
PARTNER

Place: Margao, Goa.
Date : 28th July, 2010

ANNEXURE

STATEMENT REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF FOMENTO RESORTS AND HOTELS LIMITED.

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us considering the nature of fixed assets, the same have been physically verified by the Management at reasonable intervals during the year which in our opinion is reasonable. No material discrepancies were noticed on such verification.
- (c) During the year no substantial part of fixed assets have been disposed off by the Company. Therefore, the provisions of clause 1(c) of the aforesaid Order, in our opinion, are not applicable to the Company.
- II (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) Since the Company has not granted any loans as stated in paragraph III (a) above, Clause iii(b) to clause iii(d) of the order are not applicable.
- (c) The Company has taken interest free unsecured loans amounting to Rs.1123.91 lakhs (Maximum amount outstanding during the year Rs.1123.91 lakhs) from two Companies listed in the register maintained under section 301 of the Companies Act, 1956.
- (d) Since the loans taken are interest free and without stipulation as to their repayment are prima facie not prejudicial to the interest of the Company.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE	CURRENT YEAR RUPEES (in 000)	PREVIOUS YEAR RUPEES (in 000)
INCOME		
ROOMS, RESTAURANT AND OTHER SERVICES	403682	424539
OTHER INCOME	N 21094	20760
TOTAL	424776	445299
EXPENDITURE		
CONSUMPTION OF FOOD AND BEVERAGE AND SUPPLIES	O 64069	62100
EMPLOYEES REMUNERATION AND WELFARE EXPENSES	P 72688	70491
OPERATING EXPENSES	Q 84706	95549
ADMINISTRATIVE, MARKETING AND GENERAL EXPENSES	R 68277	79664
INTEREST AND FINANCIAL CHARGES	S 1886	2922
DEPRECIATION	E 28507	26748
TOTAL	320135	337474
PROFIT BEFORE TAX AND BEFORE EXTRA ORDINARY ITEMS	104641	107825
PRIOR PERIOD ADJUSTMENTS (NET)	(85)	49
INCOME TAX OF EARLIER YEARS	24	424
PROFIT BEFORE TAX AND AFTER EXTRA ORDINARY ITEMS	104701	107352
PROVISION FOR TAXATION		
CURRENT TAX	37080	38000
DEFERRED TAX (NET)	(2152)	(1128)
FRINGE BENEFIT TAX	0	925
PROFIT AFTER TAXATION	69774	69555
BALANCE OF PROFIT / LOSS BROUGHT FORWARD FROM PREVIOUS YEAR	204049	169528
AVAILABLE FOR APPROPRIATIONS	273823	239083
TRANSFERRED TO GENERAL RESERVE	6977	6956
PROPOSED DIVIDEND	24000	24000
TAX ON PROPOSED DIVIDEND	4079	4079
BALANCE OF PROFIT / LOSS CARRIED TO BALANCE SHEET	238767	204048
BASIC AND DILUTED EARNINGS PER SHARE (EQUITY SHARES FACE VALUE RS. 10/- EACH)	4.36	4.35
NOTES ON ACCOUNTS T		
FIGURES IN BRACKETS INDICATE DEDUCTIONS.		
SCHEDULE 'A' TO 'T' FORM INTEGRAL PART OF ACCOUNTS		
AS PER OUR SEPERATE REPORT OF EVEN DATE		
		FOR AND ON BEHALF OF BOARD OF DIRECTORS
		Sd/-
FOR H.K. APARANJI	ANJU TIMBLO	V.P. RAIKAR
CHARTERED ACCOUNTANTS	MANAGING DIRECTOR	DIRECTOR
Sd/-	Sd/-	
MOHAN B. PYATI	I.B. MUCHANDI	
PARTNER	COMPANY SECRETARY & OFFG. CHIEF FINANCE OFFICER	
PLACE: MARGAO - GOA		PLACE: VAINGUINIM BEACH, GOA.
DATED: 28 th JULY, 2010		DATED: 28 th JULY, 2010

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BALANCE SHEET AS AT 31ST MARCH 2010			
	SCHEDULE	CURRENT YEAR RUPEES (in 000)	PREVIOUS YEAR RUPEES (in 000)
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
(a) SHARECAPITAL	A	160000	160000
(b) RESERVES AND SURPLUS	B	275729	234034
		<u>435729</u>	<u>394034</u>
LOAN FUNDS			
(a) SECURED LOANS	C	328	101
(b) UNSECURED LOANS	D	112391	112391
		<u>112719</u>	<u>112492</u>
DEFERRED TAX LIABILITY (NET)		38471	40624
TOTAL		<u>586919</u>	<u>547150</u>
APPLICATION OF FUNDS			
(a) FIXED ASSETS			
GROSS BLOCK	E	622623	606652
LESS: DEPRECIATION		<u>311128</u>	<u>287076</u>
NET BLOCK		311495	319576
CAPITAL WORK IN PROGRESS		117875	111525
(b) INVESTMENTS	F	10	10
(c) CURRENT ASSETS, LOANS AND ADVANCES			
(i) INVENTORIES	G	35621	37539
(ii) SUNDRY DEBTORS	H	47319	47704
(iii) CASH AND BANK BALANCES	I	143096	78565
(iv) OTHER CURRENT ASSETS	J	3277	1759
(v) LOANS AND ADVANCES	K	70526	88271
		<u>299839</u>	<u>253838</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
(i) LIABILITIES	L	75368	68939
(ii) PROVISIONS	M	66932	68860
		<u>142300</u>	<u>137799</u>
NET CURRENT ASSETS		157539	116039
TOTAL	T	<u>586919</u>	<u>547150</u>
NOTES ON ACCOUNTS			
SCHEDULE 'A' TO 'T' FORM			
INTEGRAL PART OF ACCOUNTS			
AS PER OUR SEPARATE REPORT OF EVEN DATE			
		FOR AND ON BEHALF OF BOARD OF DIRECTORS	
		Sd/-	Sd/-
FOR H.K. APARANJI	ANJU TIMBLO	V.P. RAIKAR	
CHARTERED ACCOUNTANTS	MANAGING DIRECTOR	DIRECTOR	
Sd/-	Sd/-		
MOHAN B. PYATI	I.B. MUCHANDI		
PARTNER	COMPANY SECRETARY & OFFG. CHIEF FINANCE OFFICER		
PLACE: MARGAO - GOA		PLACE: VAINGUINIM BEACH, GOA.	
DATED: 28 th JULY, 2010		DATED: 28 th JULY, 2010	

Fomento Resorts and Hotels Limited

(e)	In view of our comment in paragraph III (d) above, clause III (f) & (g) of the order is not applicable.
IV	In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in internal control system.
V	(a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered. In respect of service contract entered into with two private limited companies, the company has not obtained prior approval of the Central Government as required under the proviso to section 297(1) of the Companies Act, 1956(refer note 8 of notes forming part of accounts).
	(b) According to the information and explanations given to us, transactions made in pursuance of Contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
VI	In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Further, during the course of our audit we have neither come across nor have we been informed of any order passed under the aforesaid Section by the Company Law Board or National Company Law Tribunal or RBI or any Court or any other Tribunal.
VII	In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
VIII	The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for the Company.
IX	(a) The Company is regular in depositing with appropriate authorities undisputed Statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to the

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information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax/sales tax/wealth tax/service tax/customs duty/excise duty/cess which have not been deposited on account of any dispute other than disputed expenditure tax as indicated below:

Name of the Statute	Forum where dispute is Pending	Amount
Expenditure Tax	i) High Court of Bombay, Panaji Bench, Goa.	Rs. 6,76,88,008

- X The Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our report and in the immediately preceding financial year.
- XI In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or Banks. Further the Company has not issued any debentures and as such reporting regarding default in repayment of the same does not arise.
- XII The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- XIII In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause XIII of the aforesaid Order are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause XIV of the aforesaid Order are not applicable to the Company.
- XV The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- XVI The Company has not obtained any term loans. Therefore the provisions of clause XVI of order are not applicable to the company.

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- XVII According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- XVIII The Company has not raised any money by issue of shares during the year. Therefore, the provisions of Clause XVIII of the aforesaid Order are not applicable to the Company.
- XIX The Company has not issued any debentures during the year under audit. Accordingly, the provisions of Clause XIX of the aforesaid Order are not applicable to the Company.
- XX The Company has not raised any money by way of public issue during the year. Therefore, the provisions of Clause XX of the aforesaid Order are not applicable to the Company.
- XXI During the course of our examination of books of account carried out in accordance with generally accepted auditing practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

for H.K. APARANJI
CHARTERED ACCOUNTANTS

MOHAN B. PYATI
PARTNER

Place: Margao, Goa.
Date : 28th July, 2010