FOMENTO RESORTS AND HOTELS LTD.

40th Annual Report
2010 - 2011

CIDADE DE GOA®

Goa in a resort

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

IDBI Bank
HDFC Bank
ICICI Bank

REGISTERED OFFICE

CIDADE DE GOA
VAINGUINIM BEACH,
GOA - 403 004

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the Members of FOMENTO RESORTS AND HOTELS LIMITED will be held on Thursday, the 29th day of September, 2011 at 4.00 p.m. at Grand Sala, Cidade De Goa, Vainguinim Beach, Goa 403 004, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Directors Report and Auditors Report thereon.
2. To declare dividend for the year ended 31.3.2011.
3. To appoint a Director in place of Mr. Auduth Timblo who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shardul Thacker who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Reyaz Mama who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s. H. K. Aparanji, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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 proxies need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than 48 hours before commencement of the Meeting.
2. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting so that the information required by the members may be made available at the time of the meeting.
3. Members are requested to bring their Attendance Slip attached to the Annual Report and handover the same at the entrance of the hall, duly signed.
4. In pursuance to section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the company shall remain closed from 22nd September to 29th September, 2011 (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 : 6th August, 2011

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

Name of Directors	Mr. Auduth Timblo	Mr. Shardul Thacker	Mr. Reyaz Mama
Date of Birth	01.03.1948	17.11.1947	17.11.1966
Date of Appointment	20.07.1976	30.09.1999	28.07.2008
Expertise in special functional areas	Industrialist	Corporate Law	Hotel Industries
Qualification	B.E., L.L.B.	B. Com. L.L.B	B. Sc (Eco Hons) England
List of Companies in which outside Directorship held	1. Sociedade de Fomento Industrial Pvt. Ltd 2. Fomento Barges Pvt. Ltd. 3. Mormugao Maritima Limited 4. Shelvona Riverside Railway Terminals Ltd. 5. Fomento Green & Waste Management Services Pvt. Ltd. 6. Fomento Engineering & Construction Pvt. Ltd. 7. Fomar Pvt. Ltd.	1. Ruby Mills Ltd. 2. RPG Enterprises Ltd 3. South East Asia Marine Eng & Const Ltd (SEAMEC Ltd) 4. CGU Logistic Ltd 5. Stream International Services Pvt. Ltd 6. Infowavz Pvt. Ltd	1. Capricorn Lifestyle Ventures Pvt. Ltd. 2. Ratan Mama Consultants Pvt. Ltd. 3. Chiplun Hotels Pvt Ltd 4. Shawman Software Pvt. Ltd
Chairman/Member of the Committees of the Board of Directors of the Company	Member of Share Transfer Committee	Chairman of Shareholders Grievance Committee	Member of Audit Committee
Chairman/Member of the Committees of other Companies on which he is a Director			
a) Audit Committee	Nil	Member- 1. Ruby Mills Ltd 2. SEAMEC Ltd	Nil
b) Investor Grievances Committee	Nil	Chairman - SEAMEC Ltd	Nil
c) Remuneration Committee	Nil	Member – Ruby Mills Ltd	Nil
Details of shares held in the company	21,12,139	Nil	Nil

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 40th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

1. FINANCIAL RESULTS

	For the year ended 31/03/11	For the year ended 31/03/10
	(Rs. In 000)	(Rs. In 000)
Income	**452008**	**424776**
Operating Expenses	325272	289679
Gross Operating Profit	126736	135097
Less:		
Interest and Financial Charges	2156	1886
Depreciation	30078	28509
Profit before tax	**94502**	**104702**
Less : Provision for tax		
Current	33500	37080
Deferred (net)	957	(2152)
Profit/ (Loss) after tax	**61959**	**69774**
Add Surplus/ (Deficit) brought forward from the previous year	238766	204048
Profit available for appropriation	**300725**	**273822**
Appropriations		
a) General Reserve	6196	6977
b) Dividend	16000	24000
c) Tax on Dividend	2657	4079
d) Balance carried to Balance Sheet	275872	238766

During the financial year under review, the Company's total income was Rs. 4520.08 lakhs as against the previous year income of Rs. 4247.76 lakhs. The turnover increased by 6% with improved domestic tourism and corporate travel which favorably impacted average room revenue. However, the net profit after providing for depreciation and taxation stood at Rs. 619.59 lakhs as against Rs. 697.74 lakhs for the previous year. This reduction in net profit is due to increase in salary, wages and benefits to employees and also on account of increase in repairs and renovation cost coupled with general inflation.

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:

A. **Domestic travelers**: Domestic travelers were earlier ignored by the hotels in Goa. In the past few years, their perception of money is however undergoing a 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 4% this year too. This segment will remain to be the best contributor of occupancies and average revenues.

B. **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 spending of these clients can sometimes be more than a FIT segment (Foreign Individual Travelers).

C. **Key Risks**

a) **Terrorism acts**: Due to the unrest all over the world on account of terrorism, many countries issued travel warnings to their citizens, advising them against traveling to India. Considering the elasticity of demand in this industry, such acts of terrorism impact the sentiments and inflow of tourists into the country.

b) **Competition from South Asian countries**: Many South Asian countries are now consciously trying to increase their tourism activities by offering world-class facilities at highly competitive prices. These destinations pose threat to the Goan leisure hotels.

c) **Competition from domestic destination:** Competition is also growing from other domestic destination for holidays and leisure with the emergence of the concept of boutique hotels and resorts.

d) **Employee cost:** Employee cost is the largest cost component in the overall cost structure with competing additional star hotels in Goa. We expect a lot of pressure on hiring and retaining trained manpower resulting increase in cost.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 10% which is Rs. 1/- per equity share on the face value of Rs. 10/- each.

3. AUDITORS

Auditors of the company, M/s. H. K. Aparanji, will retire as auditors of the Company and being eligible offers themselves for re-appointment.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of particulars in the report of Board of Directors) Rules 1988, the information relating to foreign exchange earnings and outgo is given in the Notes to the Profit and Loss Account and Balance Sheet.

5. TECHNOLOGY ABSORPTION:

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

6. CONSERVATION OF ENERGY:

Solar Panels are used for generating hot water consumed by the Central kitchen thereby reducing the diesel consumption of the main boiler. Wherever feasible, the incandescent lamps have been replaced by CFL's. We are also aiming at the next stage of going for LED Lighting in phases.

7. PARTICULARS OF EMPLOYEES

None of the employees are covered by the provisions contained under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

8. DIRECTORS

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departure;

b) The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and Profit and Loss of the company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

d) The Directors had prepared the annual accounts on a going concern basis.

10. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges a report on Corporate Governance along with Auditors Certificate on its compliance is annexed, forming part of the Annual Report.

Clause 40A of the Listing Agreement mandates minimum 25% public shareholding. Presently promoter holding is 95% and public holding is 5%. Company decided to follow SEBI (Delisting of Equity Shares), Regulation 2009; and to give exit opportunity to the public shareholders under regulation 8(1)(a) of voluntary delisting. As per the regulation, Board of Directors passed resolution giving approval for delisting. Approval of the shareholders of the company was obtained by special resolution through postal ballot. Votes casted by public shareholders in favour of the resolution were less then two times of the votes casted by the public shareholders against it. Company and promoters complied with the requirements of Delisting Regulation but attempt could not succeed. Therefore company approached Bombay Stock Exchange stating that the promoters are willing to pay fair price fixed by valuers appointed

by the Stock Exchange and ready to give exit option to shareholders who opt for it. Bombay Stock Exchange despite reminders did not respond. As a result Company has approached Securities and Exchange Board of India (SEBI) for guidence on further action.

11. APPRECIATION FOR BANKS

The Company would like to express its appreciation for the support and asistance rendered during the year by the Banks namely IDBI Bank Ltd., HDFC Bank Ltd., ICICI Bank Ltd.

12. EMPLOYEES

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

13. ACKNOWLEDGEMENT

Board of Directors gratefully acknowledge the support and goodwill extended by Government of Goa, Central Government, Commercial Banks, Tour Operators, Travel agents, Valued Guests and esteemend Shareholders.

For and on behalf of the Board of Directors

ANJU TIMBLO	V. P. RAIKAR
MANAGING DIRECTOR	DIRECTOR

Place : Vainguinim Beach, Goa.
Date : 6th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report which is part of the Annual Report include performance of the Company and developments that may affect the likely prospects for the future. Hospitality industry in India continues to emerge as one of the fast growing sectors. A number of well known international hotel brands have already entered the country and more are likely to follow. Many international hotel chains have set up resorts in Goa in the last few years.

The required infrastructure in the form of roads, public conveyance, medical facilities, airport services, safety and cleanliness as internationally expected by the discerning tourists of today needs to be planned at the earliest as the people of Goa have been naturally inclined towards tourism and hospitality. With the development in tourism skilled employment will be in demand leading to more education emphasis, revenue opportunities and better standard of living.

The Structure and Development

There is an 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. Such actions will also create more suitable employment and opportunities in the territory.

Opportunities and Threats

The market for travel and tourism is growing rapidly in India and across various socio-economic segments. Disposable incomes have grown significantly during the period. Domestic tourism in India is in the rise, according to latest information from the Ministry of Tourism, Government of India, the number of domestic tourist in India will increase. 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.

Outlook

The tourism and Hospitality industry has attained an importance in the world economy and is expected to grow in the future.

Risks and concerns

Terrorist's threat has compelled to strengthen security arrangements. Company has established check posts and security equipments at critical areas and security checks are undertaken on an ongoing basis.

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. Baggage screening has also been implemented.

Efficient Internal Control System and their adequacy

Your Company has in house internal audit department. They carry out in-depth internal audits for each operating department. The detailed process of review not only ensures reliability of control systems and compliances with processes, but also reviews efficiency of systems and ensures safeguarding of tangible and intangible assets. The Audit Committee of the Board reviews the findings of the Internal Auditors and closely monitors the implementation of their recommendations, by reviewing the compliance reports furnished.

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 the responsibility.

All safety statutory requirements like Licences, testing etc. are being complied 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 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

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 students wanting to specialize and quality in this industry.

There is an urgent need to develop and encourage super visionary programs for the hospitality 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 creating false values. 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 undertake new planned steps for learning. We have setup an Academy of Culinary Education to graduate Chefs every year. Around 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 go up market to be able to train and retain skilled work force.

Multiple Taxes

Hotels are subjected to State level luxury tax, value added tax and Goods entry tax etc. Some of the services such as health club, beauty parlor etc are treated as luxury and taxed by the State Government & they are also treated as services by Central Government and subjected to service tax. Recent Finance Act imposes service tax on occupied rooms and also on Food & Beverages which is burdensome for the development of tourism.

Foreign Exchange fluctuation risks

Your Company keeps a close watch on its foreign currency exposure in consultation with its advisors.

Competition

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

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 law and regulations. Actual results would differ materially due to impact of supply and demand forces, price conditions in domestic and overseas market. As forward looking statements are based on certain assumptions and expectations of future events over which the company exercises no control. The Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or on event of any loss that any investor may incur by investing in the shares of the Company based on the 'forward looking statement'.

CORPORATE GOVERNANCE REPORT

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 to just meet the statutory requirements of the code of corporate governance as prescribed under clause 49 of the listing agreement but also 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 of 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 a Managing Director and Seven Non- Executive Directors. Board consists of six independent Directors. None of the Directors on the Board is a Member of more than Ten Committees nor 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 Directors.

Board Meeting, Annual General Meeting and Attendance Record.

Date of Board Meeting	Place	No. of Directors Present
27th April, 2010	Dona Paula, Goa	7
28th July, 2010	Dona Paula, Goa	5
30th October, 2010	Dona Paula, Goa	6
29th January, 2011	Dona Paula, Goa	7
18th March, 2011	Dona Paula, Goa	7

Details of attendance of the Directors at Board Meeting, Thirty Ninth Annual General Meeting together with number of other Directorships and Committee Memberships held by them on other public Companies are as follows:

Director	Relationship with other Directors	No. of Board Meetings		Attended Last AGM	Directorship In other public Company	Committee Membership
		Held	Attten-ded			
Mrs. Anju Timblo	Wife of Mr. Auduth Timblo	5	5	Yes	-	-
Mr. Auduth Timblo	Husband of Mrs. Anju Timblo	5	5	Yes	2	-
Mr. V.P. Raikar	-	5	5	Yes	-	-
Mr. Shardul Thacker	-	5	3	No	4	3
Mr. P.G. Kakodkar	-	5	0	No	7	-
Mr. Jamshed Delvadavala	-	5	5	Yes	2	-
Mr. Raghunandan Maluste	-	5	4	No	1	-
Mr. Reyaz Mama	-	5	5	No	-	-

3. Remuneration of Directors

Emoluments & benefits paid to Managing Director is Rs. 33,04,000/- p.a. Directors who attend the Board/Audit Committee meetings are paid sitting fees. During the Financial year a sum of Rs. 1,95,000/- 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 company's 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, reappointment and if required, the replacement or removal of statutory auditors and fixation of audit fees.

3. Reviewing with Management annual financial statements, any changes in accounting policies, 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 27th April 2010, 28th July 2010, 30th October 2010 and on 29th January 2011.

The Audit Committee consists of only Independent Directors. The details of its composition are as follows:

Mr. Jamshed Delvadavala - Chairman
Mr. V. P. Raikar - Member
Mr. P. G. Kakodkar - Member
Mr. Reyaz Mama - Member
Company Secretary Mr. I. B. Muchandi is Secretary of the Committee.

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

5. Remuneration Committee

Brief description of terms of reference of Remuneration Committee, inter alia are:

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 Remuneration Committee comprises of three Directors as under:
Mr. Jamshed Delvadavala – Chairman
Mr. P. G. Kakodkar – Member
Mr. Raghunandan Maluste - Member
Company Secretary Mr. I. B. Muchandi is Secretary of the Committee.

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.

6. Shareholders Grievance Committee

Brief description of terms of reference of Shareholders Grievance Committee, inter alia are:

1. To look into the redressal of shareholders grievances.
2. To solve complaints pertaining to transfer of shares, non-receipt of Annual Report/ dividend warrants etc.

The Committee comprises of three Directors as under:
Mr. Shardul Thacker – Chairman
Mr. V. P. Raikar – Member
Mrs. Anju Timblo – Member

Company Secretary Mr. I. B. Muchandi is Secretary of the Committee.
No complaint was received from any shareholder during the year.

7. General Body Meetings

Year	Type	Location	Date	Time
2009-2010	AGM	Grand Sala, Cidade De Goa, Vainguinim Beach, Goa 403 004	20th September, 2010	4.00 p.m.
2008-2009	AGM	Grand Sala, Cidade De Goa, Vainguinim Beach, Goa 403 004	29th September, 2009	4.00 p.m.
2007-2008	AGM	Grand Sala, Cidade De Goa, Vainguinim Beach, Goa 403 004	29th September, 2008	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.

8. Disclosures

a) 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. Any materially significant transactions with the related parties are taken up only with the prior approval of the Ministry of Company Affairs.

b) Incorporated in the Annual Report are the mandatory disclosures of transactions with related parties in compliance with Accounting Standard AS-18.

c) The company has complied with the requirements of the Stock Exchanges, SEBI, Ministry of Company affairs 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, Ministry of Company Affairs or other statutory authorities relating to the above.

d) The Company has adopted a whistle Blower Policy and no person has been denied access to the Managing Director and the Chairman of the Audit Committee.

e) 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.

f) The Company has set up Remuneration Committee which is non-mandatory requirement prescribed under the Listing Agreement.

g) The Company complies with all the requirement of Listing Agreement including the mandatory requirements of clause 49 of the Listing Agreement.

h) The Board of Directors regularly reviews the Risk Management strategy of the company to ensure the effectiveness of the Risk Management policy and procedure.

9. 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 (1st Quarter 2010-2011)	Free Press Journal (English) and Navshakti (Marathi)
2	Quarterly Unaudited Financial Statement (2nd Quarter 2010-2011)	Free Press Journal (English) and Navshakti (Marathi)
3	Quarterly Unaudited Financial Statement (3rd Quarter 2010-2011)	Free Press Journal (English) and Navshakti (Marathi)
4	Quarterly Unaudited Financial Statement (4th Quarter 2010-2011)	Free Press Journal (English) and Navshakti (Marathi)

Apart from the above the report are published on the Bombay Stock Exchange and Company's website (www.cidadedegoa.com).

10. 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 report.

11. General Shareholders Information

AGM: Date, Time and Venue - 29th September, 2011 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.

Date of Book Closure - 22nd to 29th September, 2011

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

Financial Calendar

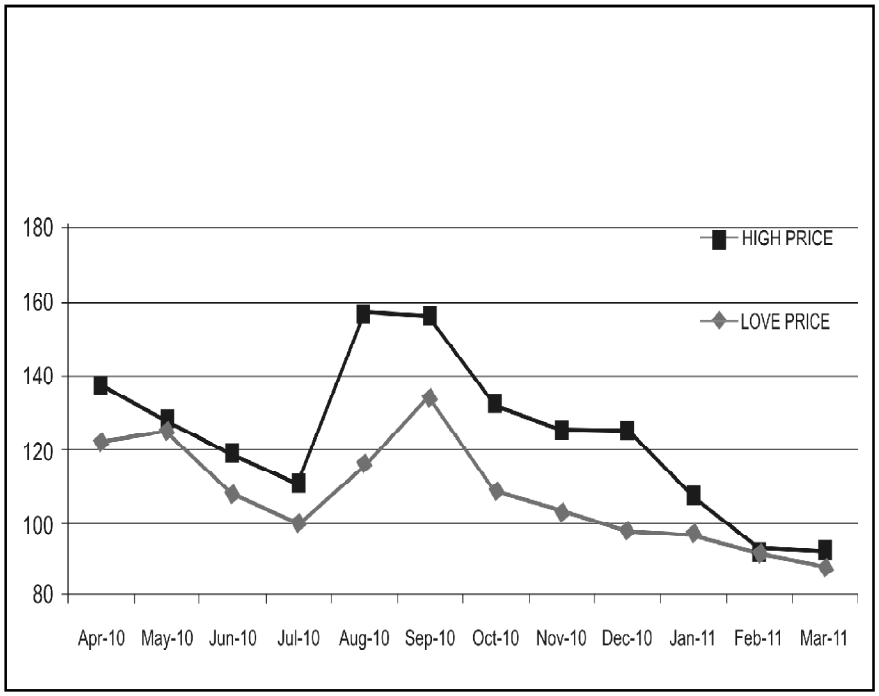
- Financial reporting for the quarter ending June 30, 2011 : 1st July to 15th Aug 2011
- Financial reporting for the half year ending Sept 30, 2011 : 1st Oct to 15th Nov 2011
- Financial reporting for the quarter ending Dec 31, 2011 : 1st Jan to 15th Feb 2012
- Financial reporting for the year ending Mar 31, 2012 : 1st Apr to 15th May 2012
- Annual General Meeting for the year ended March 31, 2012 : July to Sept 2012

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

Equity Shares Listed		
Stock Exchange	Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023	Ahmedabad Stock Exchange Kamadhenu Complex, Near Polytechnic, Panjara Pole, Ahmedabad 380 015
Stock Code	503831	17410

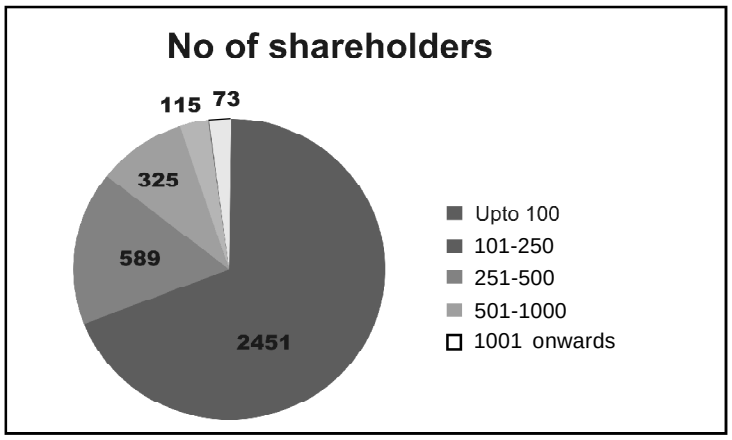
Market Price data during Financial Year 2010-11 (In Rupees)

Month	High	Low
Apr-10	137	122
May-10	127	125
Jun-10	119	108
Jul-10	111	100
Aug-10	156	116
Sep-10	156	134
Oct-10	132	109
Nov-10	125	103
Dec-10	125	98
Jan-11	107	93
Feb-11	93	93
Mar-11	93	88



Distribution of shareholding as on 31st March 2011

No of shares held	No of shareholders
Upto 100	2451
101-250	589
251- 500	325
501-1000	115
1001 onwards	73
Total	**3553**



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

Other useful information for Shareholders:

a) For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed.

b) Shareholders of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name with different Ledger Folio(s) are requested to apply for consolidation of Folio(s) and send the relevant Share Certificates to the Company.

c) Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form. Shareholders in particular holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form which can be obtained from the Share Department of the Company.

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 id, telephone/ fax numbers to get prompt reply to their communication.

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 31st March 2011 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
Firm Regd. No. 000199S

MOHAN B. PYATI
PARTNER
M. No. 203120

Place : Margao, Goa
Date : 6th August, 2011

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Fomento Resorts and Hotels Ltd, as at 31st March, 2011, 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;

(e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011;

(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
Firm Regd. No. 000199S

MOHAN B. PYATI
PARTNER
M. No. 203120

Place : Margao, Goa
Date : 6th August, 2011

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.

(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 a private limited company for the period 1.4.2010 to 30.6.2010, 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 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, 2011 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.

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
Firm Regd. No. 000199S

MOHAN B. PYATI
PARTNER
M. No. 203120

Place : Margao, Goa
Date : 6th August, 2011

BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	CURRENT YEAR RUPEES (Rs. in Lakhs)	PREVIOUS YEAR RUPEES (Rs. in Lakhs)
SOURCES OF FUNDS			
SHARE HOLDERS FUND			
(a) SHARECAPITAL	A	1,600.00	1,600.00
(b) RESERVES AND SURPLUS	B	3,190.31	2,757.29
		4,790.31	4,357.29
LOAN FUNDS			
(a) SECURED LOANS	C	0	3.28
(b) UNSECURED LOANS	D	1,123.91	1,123.91
		1,123.91	1,127.19
DEFERRED TAX LIABILITY (NET)		375.13	384.71
	TOTAL	**6,289.35**	**5,869.19**
APPLICATION OF FUNDS			
(a) FIXED ASSETS			
GROSS BLOCK	E	6,839.87	6,226.23
LESS: DEPRECIATION		3,397.44	3,111.28
NET BLOCK		3,442.43	3,114.95
CAPITAL WORK IN PROGRESS		797.38	1,178.75
(b) INVESTMENTS	F	0.10	0.10
(c) CURRENT ASSETS , LOANS AND ADVANCES			
(i) INVENTORIES	G	333.14	356.21
(ii) SUNDRY DEBTORS	H	578.46	473.19
(iii) CASH AND BANK BALANCES	I	1,834.28	1,430.96
(iv) OTHER CURRENT ASSETS	J	35.79	32.77
(v) LOANS AND ADVANCES	K	692.58	705.26
		3,474.25	2,998.39
LESS : CURRENT LIABILITIES AND PROVISIONS			
(i) LIABILITIES	L	885.77	753.68
(ii) PROVISIONS	M	539.04	669.32
		1,424.81	1,423.00
NET CURRENT ASSETS		2,049.44	1,575.39
	TOTAL	**6,289.35**	**5,869.19**
NOTES ON ACCOUNTS	T		

SCHEDULE 'A' TO 'T' FORM INTEGRAL PART OF ACCOUNTS

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR **H.K. APARANJI**
CHARTERED ACCOUNTANTS
Firm Regd. No. 000199S

Sd/-
MOHAN B. PYATI
PARTNER
M. No. 203120

PLACE: MARGAO - GOA
DATE : 6TH AUGUST, 2011

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
ANJU TIMBLO
MANAGING DIRECTOR

Sd/-
V.P. RAIKAR
DIRECTOR

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

PLACE: VAINGUINIM BEACH, GOA.
DATE : 6TH AUGUST, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	CURRENT YEAR RUPEES (Rs. in Lakhs)	PREVIOUS YEAR RUPEES (Rs. in Lakhs)
INCOME			
ROOMS,RESTAURANT AND OTHER SERVICES		4232.82	4036.82
OTHER INCOME	N	287.27	210.94
	TOTAL	**4520.09**	**4247.76**
EXPENDITURE			
CONSUMPTION OF FOOD AND BEVERAGE AND SUPPLIES	O	624.71	640.69
EMPLOYEES REMUNERATION AND WELFARE EXPENSES	P	834.06	726.88
OPERATING EXPENSES	Q	1037.95	847.06
ADMINISTRATIVE, MARKETING AND GENERAL EXPENSES	R	743.50	682.77
INTEREST AND FINANCIAL CHARGES	S	21.56	18.86
DEPRECIATION	E	300.79	285.09
	TOTAL	**3562.57**	**3201.35**
PROFIT BEFORE TAX AND BEFORE EXTRA ORDINARY ITEMS		957.52	1046.41
PRIOR PERIOD ADJUSTMENTS (NET)		0.34	(-0.85)
INCOME TAX OF EARLIER YEARS		12.16	0.25
PROFIT BEFORE TAX AND AFTER EXTRA ORIDINARY ITEMS		945.02	1047.01
PROVISION FOR TAXATION			
CURRENT TAX		335.00	370.80
DEFERRED TAX (NET)		(-9.57)	(-21.52)
PROFIT AFTER TAXATION		619.59	697.73
BALANCE OF PROFIT / (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		2387.66	2040.49
AVAILABLE FOR APPROPRIATIONS		3007.25	2738.22
TRANSFERRED TO GENERAL RESERVE		61.96	69.77
PROPOSED DIVIDEND		160.00	240.00
TAX ON PROPOSED DIVIDEND		26.57	40.79
BALANCE OF PROFIT / (LOSS) CARRIED TO BALANCE SHEET		**2758.72**	**2387.66**
BASIC AND DILUTED EARNINGS PER SHARE (EQUITY SHARES FACE VALUE RS. 10/- EACH)		3.87	4.36
NOTES ON ACCOUNTS	T		

FIGURES IN BRACKETS INDICATE DEDUCTIONS.
SCHEDULE 'A' TO 'T' FORM INTEGRAL PART OF ACCOUNTS

AS PER OUR SEPARATE REPORT OF EVEN DATE

FOR **H.K. APARANJI**
CHARTERED ACCOUNTANTS
Firm Regd. No. 000199S

Sd/-
MOHAN B. PYATI
PARTNER
M. No. 203120

PLACE: MARGAO - GOA
DATE : 6TH AUGUST, 2011

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-
ANJU TIMBLO
MANAGING DIRECTOR

Sd/-
V.P. RAIKAR
DIRECTOR

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

PLACE: VAINGUINIM BEACH, GOA.
DATE : 6TH AUGUST, 2011

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-03-11

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED :		
4,00,00,000 EQUITY SHARES OF RS10/- EACH	4000.00	4000.00
	4000.00	**4000.00**
ISSUED,SUBSCRIBED AND PAIDUP :		
1,60,00,000 EQUITY SHARES OF RS10/- EACH , FULLY PAID UP	1600.00	1600.00
TOTAL	**1600.00**	**1600.00**

SCHEDULE - B			
RESERVES & SURPLUS			
(a) CAPITAL RESERVE		2.21	2.21
(b) CAPITAL INVESTMENT SUBSIDY (AS PER LAST BALANCE SHEET)		15.00	15.00
(c) GENERAL RESERVE			
AS PER LAST ACCOUNT	352.42		
ADD: TRANSFERRED FROM PROFIT AND LOSS ACCOUNT	61.96	414.38	352.42
(d) PROFIT AND LOSS ACCOUNT		2758.72	2387.66
TOTAL		**3190.31**	**2757.29**

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - C		
SECURED LOANS		
(b) CASH CREDIT IDBI BANK [REFER NOTE BELOW]	0	3.28
TOTAL	**0**	**3.28**

NOTE :

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.

SCHEDULE - D		
UNSECURED LOANS		
FROM PROMOTERS (INCLUDES COMPANY WHERE SOME OF THE DIRECTORS ARE COMMON)	1123.91	1123.91
TOTAL	**1123.91**	**1123.91**

SCHEDULE - "E"

SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 **(Rs. in Lakhs)**

Sr. No	PARTICULARS	ATCOST				DEPRECIATION				NET BLOCK	
		AS ON 1.04.10	ADDITIONS	DEDUC-TIONS	AS ON 31.03.11	UP TO 01.04.10	FOR THE YEAR	DEDUCTIONS	UP TO 31.03.11	AS ON 31.03.11	AS ON 31.03.10
1	**LAND FREE HOLD**										
	LEASING DIVISION	2.88	0	0	**2.88**	0	0	0	0	**2.88**	2.88
	HOTEL DIVISION	120.30		0	**120.30**	0	0	0.00	0	**120.30**	120.30
2	**BUILDING**										
	LEASING DIVISION	10.57	0.00	0	**10.57**	7.44	0.16	0.00	**7.60**	**2.97**	3.13
	HOTEL DIVISION	2,109.60	437.09	0	**2,546.69**	544.65	41.51	0.00	**586.16**	**1,960.53**	1,564.95
3	PLANT & MACHINERY	2,320.37	118.28	3.97	**2,434.68**	1,360.14	111.72	0.91	**1,470.94**	**963.74**	960.23
4	FURNITURE & FITTINGS AND OFFICE EQUIPMENT	1,202.82	69.60	15.24	**1,257.18**	934.19	115.81	13.71	**1,036.29**	**220.89**	268.63
5	MOTOR VEHICLES	264.35	4.28	0	**268.63**	104.80	25.44	0.00	**130.24**	**138.39**	159.55
6	COMPUTERS	195.34	3.60	0	**198.94**	160.06	6.15	0.00	**166.21**	**32.73**	35.28
	TOTAL	**6,226.23**	**632.85**	**19.21**	**6,839.87**	**3,111.28**	**300.79**	**14.62**	**3,397.44**	**3,442.43**	**3,114.95**
	PREVIOUS YEAR	**6,066.52**	**231.09**	**71.38**	**6,226.23**	**2,870.76**	**285.09**	**44.57**	**3,111.28**	**3,114.95**	**3,195.76**

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.

2 Addition to Building represents cost of residential flats at Kamat Royale capitalised pending final registration of Sale deed.

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - F		
INVESTMENT (UNQUOTED AT COST)	0.10	0.10
1,000 SHARES OF SARASWAT CO-OP. BANK LTD. AT RS. 10/- EACH		
TOTAL	**0.10**	**0.10**
SCHEDULE - G		
INVENTORIES		
(AT COST AS VALUED AND CERTIFIED BY THE MANAGING DIRECTOR OF THE COMPANY)		
STORES, SPARES AND CONSUMABLES	288.66	311.73
STOCK OF RAW MATERIALS	44.48	44.48
TOTAL	**333.14**	**356.21**
SCHEDULE - H		
SUNDRY DEBTORS		
(UNSECURED - CONSIDERED GOOD)		
DEBTS OUTSTANDING OVER SIX MONTHS	104.34	84.98
OTHER DEBTS	474.12	388.21
TOTAL	**578.46**	**473.19**
SCHEDULE - I		
CASH AND BANK BALANCES		
CASH AND CHEQUES ON HAND	53.53	64.95
BALANCE WITH SCHEDULED BANKS	168.08	308.36
HDFC - FRHL UNCLAIMED DIVIDEND	14.68	11.74
FIXED DEPOSITS	1597.99	1045.91
(Rs 28,38,250/- WORTH OF FIXED DEPOSITS PLEDGED AS SECURITY AGAINST GUARANTEES ISSUED BY THE BANK PREVIOUS YEAR Rs. 28,38,250/-)		
TOTAL	**1834.28**	**1430.96**

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - J		
OTHER CURRENT ASSETS		
INTEREST ACCRUED ON FIXED DEPOSITS	35.79	32.77
TOTAL	**35.79**	**32.77**
SCHEDULE - K		
LOANS AND ADVANCES		
(UNSECURED - CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED	595.33	628.67
DEPOSITS	29.34	22.48
PREPAID EXPENSES	67.91	54.11
TOTAL	**692.58**	**705.26**
SCHEDULE - L		
CURRENT LIABILITIES		
CREDITORS FOR OPERATING SUPPLIES AND EXPENSES	414.97	363.35
IEPF - UNCLAIMED DIVIDEND	14.68	11.74
OTHER LIABILITIES	456.12	378.59
TOTAL	**885.77**	**753.68**
SCHEDULE - M		
PROVISIONS		
TAXATION	335.00	370.80
OTHERS	17.47	17.73
PROPOSED DIVIDEND	160.00	240.00
TAX ON PROPOSED DIVIDEND	26.57	40.79
TOTAL	**539.04**	**669.32**

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - N		
OTHER INCOME		
INTEREST RECEIVED (GROSS)	91.01	47.62
(TDS - RS. 8,11,791/-) (PREVIOUS YEAR RS. 4,99,483/-)		
LICENCE FEES (GROSS)	158.97	130.79
(TDS - RS. 16,59,865/-) (PREVIOUS YEAR RS. 18,73,550/-)		
RENT	0.12	0.12
GAIN ON ACCOUNT OF FOREIGN EXCHANGE TRANSACTION	13.53	14.26
SCRAP SALE	1.78	3.72
OTHER INCOME	13.46	8.63
DIVIDEND INCOME	0.02	0.02
PROFIT ON SALE OF ASSET	0.00	1.87
EXCESS PROVISION WRITTEN BACK	0.00	0.08
SUNDRY CREDIT BALANCE WRITTEN BACK (NET)	8.38	3.83
TOTAL	**287.27**	**210.94**
SCHEDULE - O		
CONSUMPTION OF FOOD & BEVERAGE		
OPENING STOCK	44.48	45.28
ADD : PURCHASES	407.02	431.53
	451.50	476.81
LESS : CLOSING STOCK	44.48	44.47
(A)	**407.02**	**432.34**
CONSUMPTION OF STORES & SUPPLIES		
OPENING STOCK	311.73	330.10
ADD : PURCHASES	194.62	189.98
	506.35	520.08
LESS : CLOSING STOCK	288.66	311.73
(B)	**217.69**	**208.35**
TOTAL (A) + (B)	**624.71**	**640.69**

PARTICULARS	AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - P		
EMPLOYEES REMUNERATION & WELFARE EXPENSES		
i) SALARY & WAGES INCLUDING DIRECTORS' REMUNERATION (INCLUDING MANAGING DIRECTORS' REMUNERATION RS. 29,50,000/- PREVIOUS YEAR RS. 26,50,000/-)	650.70	560.08
ii) COMPANY'S CONTRIBUTION TO P.F., F.P.F.& OTHER FUNDS (INCLUDING RS. 3,54,000/- RELATED TO MANAGING DIRECTOR, PREVIOUS YEAR RS. 3,18,000/-)	57.49	51.60
iii) PAYMENT TO MEDICAL,BONUS,LTA, GRATUITY,DUTY MEALS,STAFF DROP, TRAINING RECRUITMENT STAFF WELFARE ETC. (INCLUDING GRATUITY RS. NIL/- PREVIOUS YEAR RS .NIL/-)	125.56	115.20
iv) HRD TRAINING COSTS	0.31	0.00
TOTAL	**834.06**	**726.88**
SCHEDULE - Q		
OPERATING EXPENSES		
HIRE CHARGES OF LIGHTING FIXTURES & VEHICLES	38.82	32.92
POWER,FUEL,LIGHT & WATER CHARGES	306.10	290.17
FREIGHT & CARTAGE EXPENSES	4.42	4.19
REPAIRS AND MAINTAINANCE		
a) REPAIRS TO BUILDING	378.71	221.46
b) REPAIRS TO MACHINERY	60.09	83.40
c) OTHER REPAIRS	52.52	42.64
LAUNDRY EXPENSES	74.24	72.19
BAND MUSIC DECORATION & HORTICULTURE	123.05	100.09
TOTAL	**1037.95**	**847.06**

PARTICULARS			AS AT 31.03.11 (Rs. in Lakhs)	AS AT 31.03.10 (Rs. in Lakhs)
SCHEDULE - R				
ADMINISTRATIVE, MARKETING AND GENERAL EXPENSES				
i)	WATCH & WARD & SECURITY EXPENSES		74.95	68.54
ii)	POSTAGE & TELEPHONE		19.78	19.96
iii)	ADVERTISING & SALES PROMOTION		287.62	240.13
iv)	MISCELLANEOUS EXPENSES		45.43	43.96
v)	SPORTS SPONSORSHIP		0.10	1.60
vi)	LEGAL & CONSULTANCY FEES		103.53	73.33
vii)	INSURANCE		38.64	36.17
viii)	DIRECTORS SITTING FEES		1.95	1.90
ix)	AUDITORS REMUNERATION			
	a) AUDIT FEES	4.14		
	b) TAX AUDIT FEES	1.38		
	c) OTHER CAPACITY	0.22		
	d) OUT OF POCKET EXPENSES	0.52	6.26	5.40
x)	SUNDRY DEBIT BALANCES WRITTEN OFF		3.03	0.22
xi)	LOSS ON SALE OF ASSETS		0.47	0.00
xii)	RENT RATES & TAXES		37.58	67.80
xiii)	TRAVELLING & CONVEYANCE (INCLUDES DIRECTORS TRAVELLING EXPENSES RS. 1,05,934/-) (PREVIOUS YEAR RS. 3,28,731/-)		122.16	118.87
xiv)	DONATIONS		2.00	4.89
	TOTAL		**743.50**	**682.77**
SCHEDULE - S				
INTEREST & FINANCIAL CHARGES				
i)	ON TERM LOAN		0.56	0.03
ii)	ON OTHER LOAN			0.00
iii)	BANK CHARGES & COMMISSION		21.00	18.83
	TOTAL		**21.56**	**18.86**

SCHEDULE 'T'

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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 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:

1. 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 7,97,37,774/- (Previous year Rs. 11,78,74,814/-).

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	1,64,68,517/-
ii	Income from Telephone and Telex	1,27,179/-

(Amount in Rs.)

Particular	Provisions, Beverages (excluding wine & Liquor) & Smokes	Wine & Liquor	Total
Opening Stock	19,18,097	25,29,690	44,47,787
Add: Purchases	3,81,05,815	25,96,622	4,07,02,437
Less: Closing Stock	18,14,288	26,33,745	44,48,033
Consumption during the year	3,82,09,624	24,92,567	4,07,02,191

4. Balance in Sundry Debtors, Creditors and other advances are subject to confirmation.

5. Sundry Debtors include an amount of Rs. 80,80,156/- (Previous Year 85,21,209/-) due from companies in which some of the Directors are common.

6. Sales are net of commission of Rs 1,82,12,537 /- (Previous Year Rs.1,84,49,985 /-).

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 a private limited company for the period of 1st April to 30th June 2010, for which prior approval of the Central Government was not obtained.

9. **Components of deferred tax asset / (liabilities) are as under:**

Sr. No.	Particulars	Current Year (Rs)	Previous Year (Rs)
i)	Depreciation	(3,75,13,744)	(3,90,60,374)
ii)	Bonus	—	5,89,027
iii)	Total	(3,75,13,744)	(3,84,71,347)

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

Sr.No.	Particulars	Current Year (Rs)	Previous Year (Rs)
i)	Components & Stores	1,72,121	2,37,502
ii)	Capital Goods for Hotel	42,45,801	78,47,664

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

	Particulars	Current Year (Rs)	Previous Year (Rs)
i)	Foreign Travel	Nil	2,73,586
ii)	Sales Promotion Expensess / Advertisment	6,38,042	8,02,296

12. **Value of raw material consumed**

Particulars	Current Year (Rs)		Previous Year (Rs)	
	Amount	**%**	**Amount**	**%**
A) FOOD & BEVERAGE				
i) Imported (locally procured)	35,86,625	9	34,66,203	8
ii) Indigenous	3,71,15,566	91	3,97,67,471	92
Total	**4,07,02,191**	**100**	**4,32,33,674**	**100**
B) Stores, Supplies & Spare parts				
i) Imported	1,72,121	1	2,37,502	1
ii) Indigenous	2,15,97,118	99	2,05,97,944	99
Total	**2,17,69,239**	**100**	**2,08,35,446**	**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)	5,79,71,888	8,38,54,432

14. The estimated amount of contracts remaining to be executed on Capital Account not provided for Rs 1,84,62,775 /- (Previous Year Rs 1,95,09,766 /-)

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:

(Rs in lacs)

Particulars	Current Year	Previous Year
(i) Disputed Expenditure Tax Liability	676.88	676.88
(ii) Bank Guarantee	113.53	113.53

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) Shelvona Riverside Rail Terminal Ltd (SRRT)	Associate Company
(iii) Fomento (Karnataka) Mining Company Pvt Ltd (FKPL)	Associate Company
(iv) Infrastructure Logistics Pvt. Ltd. (ILPL)	Associate Company
(v) Marmugao Maritima Limited (MML)	Associate Company
(vi) Prime Mineral Exports Pvt. Ltd. (PMEPL) (with effect from 1st July, 2010)	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

(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	PMEPL		
Sale of Services (Room, Food, Beverages and other services)	40.63	—	25.82	21.96	—	—	—	—
Remuneration	—	—	—	—	—	—	33.04	5.97
Sharing of expenses	12.34	—	—	7.08	—	—	—	—
Other recoveries	—	—	—	44.12	—	—	—	—
Outstanding current account balance receivable /(payable)	5.90	0.17	(1.59)	(14.56)	74.73	(16.71)	—	—

Relatives of Key Management Personnel – Mr. Akash Timblo

18. **Earnings Per Share**

	2011	2010
Net Profit / (Loss) after tax	6,19,59,324	6,97,73,690
Weighted Average Number of Equity Shares	1,60,00,000	1,60,00,000
Basic E.P.S.	3.87	4.36

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

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

Sd/-

ANJU TIMBLO
MANAGING DIRECTOR

Sd/-

V.P. RAIKAR
DIRECTOR

FOR **H.K. APARANJI**
CHARTERED ACCOUNTANTS
Firm Regd. No. 000199S

Sd/-
MOHAN B. PYATI
PARTNER
M. No. 203120

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

PLACE: MARGAO - GOA
DATE : 6TH AUGUST, 2011

PLACE: VAINGUINIM BEACH, GOA.
DATE : 6TH AUGUST, 2011

CASH FLOW STATEMENT

(In Rupees)

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Net Loss) before tax & Extra-ordinary items	9,57,51,724	10,46,40,760
Adjustment for:		
Depreciation	3,00,78,026	2,85,08,600
Interest/Dividend received	(91,03,181)	(47,63,864)
Interest and financial charges	21,56,194	18,86,116
Profit on Sale of Asset	0	(1,86,778)
Loss on sale of assets	47,280	0
Operating Profit before working Capital changes	**11,89,30,043**	**13,00,84,834**
Adjustments for		
Trade & Other Receivables	(92,59,770)	1,81,30,540
Inventories	23,07,181	19,17,942
Trade payable	(2,38,97,165)	(3,25,79,613)
Cash generated from Operations	8,80,80,289	11,75,53,703
Interest / Bank Charges Paid	(21,56,194)	(18,86,116)
Cash flow before Extra-ordinary items	8,59,24,095	11,56,67,587
Extra-ordinary items	(12,50,004)	60,598
Net Cash from Operating Activities (A)	**8,46,74,091**	**11,57,28,185**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,51,47,519)	(2,94,58,922)
Sale of Fixed Assets	4,11,155	28,67,776
Interest received	87,99,177	32,44,169
Dividend Received	2,000	2,000
Net Cash used for Investing Activities (B)	**(1,59,35,187)**	**(2,33,44,977)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term and short term Borrowing	(3,28,470)	2,27,153
Dividend Paid	(2,40,00,000)	(2,40,00,000)
Tax on Dividend	(40,78,800)	(40,78,800)
Net Cash from Financing Activities (C)	**(2,84,07,270)**	**(2,78,51,647)**
Net increase in Cash & Cash equivalents (A+B+C)	4,03,31,634	6,45,31,561
Opening Balance of Cash & Cash equivalents	14,30,96,385	7,85,64,824
Closing Cash & Cash equivalents	**18,34,28,019**	**14,30,96,385**

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.

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Sd/-	Sd/-	Sd/-
ANJU TIMBLO	**V.P. RAIKAR**	**I.B. MUCHANDI**
Managing Director	*Director*	*Company Secretary & Chief Finance Officer*

Place: Vainguinim Beach, Goa.
Date : 6th August, 2011

AUDITORS' CERTIFICATE

"This is Cash Flow Statement referred to in our report of even date".

For H.K. APARANJI
Chartered Accountants
Firm Regd. No. 000199S

Sd/-
MOHAN B. PYATI
Partner
M. No. 203120

Place : Margao, Goa.
Date : 6th August, 2011

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	31/03/2011
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	77,14,16,188
	Total Assets	77,14,16,188
	Sources of Funds	
	Paid up Capital	16,00,00,000
	Reserves & Surplus	31,90,30,752
	Unsecured Loans	11,23,90,701
	Deferred Tax Liability	3,75,13,744
	Application of Funds	
	Net Fixed Assets	42,39,81,083
	Investments	10,000
	Net Current Assets	20,49,44,114
	Profit and Loss Account	
	Turnover (including other income)	45,20,08,458
	Total Expenditure	35,75,06,737
	Profit(+)/Loss(-)before Tax	9,45,01,721
	Profit(+)/Loss(-)after Tax	6,19,59,324
	Earning Per Share (In Rs.)	3.87
	Dividend Rate (%)	10
IV.	GENERAL NAMES OF PRINCIPAL PRODUSTS/ SERVICES OF THE COMPANY AS PER MONETARY TERMS	
	Item Code No. (ITC Code)	591001006
	Product Description	HOTELS

FOMENTO RESORTS AND HOTELS LTD.

Unit: Cidade de Goa, Vainguinim Beach, Goa – 403 004, India.
Tel: 91 (832) 2454545 Fax: 91(832) 2454541/42

Dear Shareholder,

6th August, 2011

Subject: Green Initiative in Corporate Governance- Electronic Mode of Service of Documents

Ministry of Corporate Affairs, Government of India (MCA) vide its Circular nos. 17 & 18 dated 21st April, 2011 and 29th April, 2011 respectively, has clarified that the company would be in compliance of the provisions of the Companies Act, 1956, if the company serves the Notice of General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. to its shareholders through electronic mode, at the e-mail address provided by them to the company.

Your Company wants to support this green initiative of the government. Therefore, shareholders can exercise either of the below mentioned options so that company can henceforth serve all documents to shareholders in electronic mode at the provided email id.

Option 1: Register your their email address with the Company at equity@cidadedegoa.com mentioning folio number, name of 1st registered holder, certificate number, no of shares and the email id which needs to be taken on record by the company.

Option 2: Send herewith attached Business Reply Inland Letter (postage paid), duly filled in & signed to our Share Department at the earliest.

Also note that the said documents will be made available by the Company on its website, www.cidadedegoa.com. Printed Annual Return shall be made available for inspection, during office hours, at our Registered Office at Cidade De Goa, Vainguinim Beach, Goa 403 004.

Upon receipt of a request from you, your Company shall also send you the physical copy of the above documents free of cost.

Thanking you

Yours faithfully,
For **Fomento Resorts and Hotels Ltd**

Sd/-
I. B. Muchandi
Company Secretary

I hereby request Fomento Resorts and Hotels Ltd to register my following email address for service of the Notice of General Meeting(s), Audited Financial Statements, Directors' Report, Auditors' report and other documents to me in electronic mode instead of physical mode:-

Folio no: _____

Full name of 1st Registered holder: _____

No of equity shares: _____

Certificate number(s): _____

Email id: _____

Contact no: _____

Date: _____

Signature: _____

BUSINESS REPLY IN LAND LETTER

Postage will be paid by the addressee

Business Reply Permit No.

No postage stamp necessary if posted in INDIA

To,
I. B. Muchandi
Company Secretary
Fomento Resorts and Hotels Limited
Unit: Cidade de Goa,
Vainguinim Beach,
Goa 403 004

Fold

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 40th ANNUAL GENERAL MEETING of the Company to be held at 4.00 p.m. on Thursday, 29th September, 2011 and at any adjournment thereof.

Dated this _____ day of _____ 2011.

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 40th ANNUAL GENERAL MEETING of the Company at CIDADE DE GOA, VAINGUINIM BEACH, GOA - 403 004, at 4.00 p.m. on Thursday, 29th September, 2011.

_____ _____

(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.

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.

V A L U E S

- **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-descipline. 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
Cidade de Goa, Vainguinim Beach,
Goa - 403004, INDIA.
www.cidadedegoa.com