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HOTEL RUGBY LIMITED



HOTELS & RESORTS

8th Annual Report

1997-98

A

100 YEAR OLD
LEGACY OF
TRADITIONAL
HOSPITALITY;
WARMTH AND
NATURAL
SPLENDOUR.

CONTENTS

Directors' Report	6
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules Forming Part of Accounts	12

BOARD OF DIRECTORS :	Shri Chandrasinh H. Mirani	Chairman
	Shri Mahendra R. Thacker	Managing Director
	Smt. Darshana M. Thacker	Executive Director
	Shri Ashok M. Kadakia	Director
	Shri Dilip J. Thakkar	Director
	Shri Dharmasinh M. Popat	Director
	Ms. Thangam Philip	Director
	Mr. Mihir Thacker	Director

AUDITORS : **R. Kabra and Company**
Chartered Accountants

SOLICITORS : **Law Charter**

BANKERS : **Union Bank of India**
Dena Bank
The Pen Co-operative Urban Bank Limited
Bank of Bahrain and Kuwait B.S.C.
Dombivli Nagari Sahakari Bank Limited

REGISTERED OFFICE : 6, Stadium House
81/83, Veer Nariman Road,
Churchgate
Mumbai - 400 020.
Tel. Nos. : 204 1678, 283 5745, 282 1721
Fax No. : 202 1090

LOCATION OF RESORT : Vithalrao Kotwal Road
Matheran - 410 102.
Tel Nos. : (02148) 30291/30292

**REGISTRAR & SHARE
TRANSFER AGENTS :** **Consolidated Share Services Private Limited**
Shanti Nagar, Cross Road 'A'
Near M.I.D.C. Bus Depot, M.I.D.C.
Andheri (East), Mumbai - 400 093,
Tel. Nos. : 835 5635, 837 6800
Fax No. : 838 1384

Hotel Rugby Ltd.**8th Annual Report**

NOTICE IS HEREBY GIVEN THAT THE 8TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON TUESDAY THE 23RD MARCH, 1999 AT 10.30 A.M. AT M.C.GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 18/20 K.DUBHASH MAFI, MUMBAI 400 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 30th September, 1998 and Profit and Loss Account for the year ended 30th September, 1998 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ashok M. Kadakia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dilip J. Thakkar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider & if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT consent of the members be and is hereby accorded for delisting of Company's Equity shares listed on Ahmedabad Stock Exchange and Pune Stock Exchange with immediate effect.

FURTHER RESOLVED THAT Board of Directors be and are hereby authorised to make necessary application to the concerned Stock Exchanges for delisting of Company's Equity Shares, to make necessary arrangements and to take necessary steps, acts to give effect to the aforesaid Resolution."

6. **RE-APPOINTMENT OF MR. MAHENDRA R. THACKER AS MANAGING DIRECTOR.**

To consider & if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if required, the consent & approval of the Members be & is hereby accorded to the re-appointment of Mr. Mahendra R. Thacker as Managing Director of the Company for a period of 5 years w.e.f. 01/10/98 on the terms and conditions including expressly the remuneration payable to him as Managing Director and the minimum remuneration

payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mr. Mahendra R. Thacker submitted to this meeting and for the purpose of identification initialled by the Chairman.

FURTHER RESOLVED THAT salary, commission and perquisites may be increased, in the light of the provisions of the Companies Act, as may be enacted or amended from time to time and as may be decided by the Board of Directors.

FURTHER RESOLVED THAT the minimum remuneration as may be prescribed and as set out in the Draft Agreement be paid together with perquisites and other benefits in case of absence or inadequacy of profits in any financial year of the Company during his term as the Managing Director of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute the Agreement or such documents, in terms of the said draft, with such alterations, changes and/or variations in the remunerations payable to Mr. Mahendra R. Thacker as may be agreed between the Directors and Mr. Mahendra R. Thacker.

Provided that the said remuneration as altered, changed or varied shall be in accordance with the limits prescribed thereof under Schedule XIII of the Act for the time being and from time to time in force."

7. **RE-APPOINTMENT OF MRS. DARSHANA M. THACKER AS EXECUTIVE DIRECTOR.**

To consider & if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, if required, the consent & approval of the Members be & is hereby accorded to the re-appointment of Mrs. Darshana M. Thacker as Executive Director of the Company for a period of 5 years w.e.f. 01/10/98 on the terms and conditions including expressly the remuneration payable to her as Executive Director and the minimum remuneration payable to her in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mrs. Darshana M. Thacker submitted to this meeting and for the purpose of identification initialled by the Chairman.

FURTHER RESOLVED THAT salary, commission and perquisites may be increased, in the light of the

Hotel Rugby Ltd.**8th Annual Report**

provisions of the Companies Act, as may be enacted or amended from time to time and as may be decided by the Board of Directors.

FURTHER RESOLVED THAT the minimum remuneration as may be prescribed and as set out in the Draft Agreement be paid together with perquisites and other benefits in case of absence or inadequacy of profits in any financial year of the Company during her term as the Executive Director of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute the Agreement or such documents, in terms of the said draft, with such alterations, changes and/or variations in the remunerations payable to Mrs. Darshana M. Thacker as may be agreed between the Directors and Mrs. Darshana M. Thacker.

Provided that the said remuneration as altered, changed or varied shall be in accordance with the limits prescribed thereof under Schedule XIII of the Act for the time being and from time to time in force."

BY ORDER OF THE BOARD
For **HOTEL RUGBY LIMITED**

MAHENDRA THACKER
MANAGING DIRECTOR

Regd. Office:

6, Stadium House,
81/83, Veer Nariman Road,
Mumbai - 400 020.

Place :- Mumbai

Dated :- 29th January, 1999.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and Register of Transfers will remain closed from 19.03.1999 to 22.03.1999 (both days inclusive).
3. Members are requested to intimate any change in their address to the Company's Registrar and Share Transfer Agents M/s.Consolidated Share Services Pvt.Ltd., Shanti Nagar, Cross Road 'A' Near MIDC Bus Depot, MIDC, Andheri (E), Bombay - 400 093. at the earliest quoting their Folio Numbers.
4. Members desirous of obtaining any information concerning accounts and operations of the Company

are requested to address their questions in writing to the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting.

5. Members are requested to bring the copy of Annual Report sent to them.
6. Explanatory Statement Pursuant to Section 173 of Companies Act, 1956 in respect of Special Business under item Nos. 5, 6 & 7 of the Notice is annexed hereto.
7. The Members who have not paid their allotment money are requested to pay the same alongwith interest @18% p.a. till the date of payment.

EXPLANATORY STATEMENT U/S.173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS :**ITEM NO. 5**

Equity shares of your Company are listed on Mumbai, Pune & Ahmedabad Stock Exchange since 1995 and on National Stock Exchange (NSE) since April 1996. The shares are regularly traded on The Stock Exchange, Mumbai and on National Stock Exchange. However there is no trading of the Shares on Pune & Ahmedabad Stock Exchange since beginning and since the shares are listed on National Stock Exchange trading of the shares is possible from any part of our Country.

In view of the above, Board has considered to delist your Company's shares at Pune and Ahmedabad Stock Exchanges.

The Resolution has been proposed to be passed as a Special Resolution.

None of the Directors of the Company is any way interested or concerned in the Resolution.

ITEM NO. 6 & 7.

At the Extra Ordinary General Meeting of the Members of the Company held on 25th Oct. 1993 Mr. Mahendra R. Thacker & Mrs. Darshana R. Thacker has been appointed as Managing Director & Executive Director respectively, for the period of 5 years w.e.f. 01.10.93.

The Board of Directors at its meeting held on 31.10.98 have re-appointed Mr. Mahendra R. Thacker & Mrs. Darshana R. Thacker as Managing Director & Executive Director respectively, for the further period of 5 years w.e.f. 01.10.98 on the terms relating to the remuneration, commission, perquisites and other terms and conditions contained in the draft agreements to be entered into between the company and Mr. Mahendra R. Thacker & Mrs. Darshana R. Thacker respectively, which are as

Hotel Rugby Ltd.**8th Annual Report**

follows:

I. REMUNERATION IN CASE OF ADEQUACY OF PROFITS :**1. SALARY :**

Rs.30,000/- per month or such sum as may be prescribed by the Central Government from time to time or as may be authorised by Schedule XIII to the Companies Act,1956.

2. PERQUISITES :

The perquisites in Category A,B and C will be restricted to an amount equivalent to the annual salary as per para (1) above or Rs.4,50,000/- per annum whichever is less.

CATEGORY : A**(i) Housing -**

(a) The expenditure incurred by the company on hiring accommodation for Managing Director/ Executive Director will be subject to the ceiling of 60% of salary over and above 10% payable by Managing Director/ Executive Director .

(b) Where accommodation in the Company-owned house is provided Managing Director/ Executive Director shall pay to the company by way of rent 10% of the salary. Wherever the company does not provide accommodation, House Rent Allowance shall be paid in accordance with (a) above.

(c) The expenditure incurred by the company on gas, electricity, water and furnishing will be evaluated as per the Income-tax Rules,1962. This will however,be subject to a ceiling of 10% of the salary paid to Managing Director/ Executive Director .

(ii) Medical benefits for self and family -

Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary per year or three months salary in the period of three years.

(iii) Leave Travel Concession -

For self and family once in a year incurred in accordance with the rules of the company.

(iv) Club Fees -

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(v) Personal Accident Insurance -

Of an amount the annual premium of which does not exceeds Rs.4,000/-.

CATEGORY : B

i) Contribution to provident fund,superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY : C

i) Free use of Company's car with driver for the business of the company. Use of car for private purpose shall be billed by the Company.

ii) Free Telephone facility at residence. All personal long distance calls shall be billed by the company.

3. COMMISSION

Remuneration by way of commission may also be allowed in addition to salary and perquisites as decided by Board from time to time. However, the amount of it, based on the net profits of the company in a particular year,shall be subject to the ceilings laid down in the Section 198 and 309.

PROVIDED that the remuneration aforesaid shall not, in any financial year, exceed:

5(five) per cent of net profits (where the Company has only one managerial personnel).

OR

10(ten) per cent of net profits (where the company has more than one managerial personal) for all of them put together.

II. MINIMUM REMUNERATION :

(payable in case of absence or inadequacy of net profits in any financial year):

The remuneration in ' I ' above including perquisites but save and except commission, shall nevertheless, be paid as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the condition that such remuneration shall not without the approval of the Central Government, if required, exceed such sum payable per year or per month computed on the basis of the effective capital of the Company as defined in the explanation under para 3 of Section II of Part II to schedule XIII of the Companies Act, 1956 as in force for the time being or as amended in future. PROVIDED that the undermentioned perquisites, namely;

Hotel Rugby Ltd.**8th Annual Report**

- (a) contribution to Provident fund, superannuation Fund or Annuity Fund to the extent these, singly or put together, are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service ; and
- (c) encashment of leave, at the end of her tenure of office, shall not be included in the computation of the above mentioned ceiling on remuneration.

III. OTHER TERMS :

- (i) The Managing Director/ Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors and /or committee(s) thereof.
- (ii) The Managing Director/ Executive Director shall not, while continues to hold office as Managing Director/ Executive Director, be liable to retire by rotation.
- (iii) The Managing Director/ Executive Director shall not divulge or disclose any confidential information or knowledge obtained by him/ her as to the business or affairs of the company.
- (iv) The Managing Director/ Executive Director shall be entitled to compensation for loss of office in the event, manner and to the extent provided in Section 318 of the Act.
- (v) In event the Managing Director/ Executive Director dies during the terms of agreement, the company shall pay to him/ her legal heirs, him/ her full salary and other emoluments for that month and for three months thereafter.
- (vi) Either party may terminate the Agreement by giving 90 days notice in writing to the other without any cause.
- (vii) He/She shall faithfully and diligently serve the Company as the Managing Director/ Executive Director and exercise such other powers and functions as may be conferred on him/ her.
- (viii) He/ She shall devote his/ her whole time and attention to the business of the company.
- (ix) The company will reimburse expenses incurred by him/ her for travelling and entertainment in connection with the business of the company.

None of the Director except Mr.Mahendra R. Thacker, Mrs.Darshana M.Thacker & Mr. Mihir M.Thacker are interested or concerned in the said Resolutions.

The Directors commend the Resolutions set out at Item Nos. 7 and 8 of the accompanying Notice for your approval.

This explanation together with the accompanying Notice is to be regarded as an Abstract of Terms and Memorandum of Interest under Section 302 of the Act.

The said draft agreements referred to in the Resolutions at item Nos.7 and 8 are available for inspection to the Members at the Registered Office of the Company on working days of the Company between 11.00A.M. and 1.00 P.M. upto and including the day of the Annual General meeting.

BY ORDER OF THE BOARD
For **HOTEL RUGBY LIMITED**

Place : MUMBAI
Date : 29th January, 1999

MAHENDRA THACKER
MANAGING DIRECTOR

Hotel Rugby Ltd.

8th Annual Report

Directors' Report

Your Directors have pleasure in presenting this 8th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 1998.

FINANCIAL RESULTS :

The figures of the current financial results are summarised below. The figures for the previous period ended 30th September, 1997 are for 17 months as compared to the current year's figures for 12 months and therefore are not directly comparable.

	<i>For the Year Ended 30-9-98</i>	<i>For the Period of 17 Months Ended 30-9-97</i>
	<i>(Rs. in Lacs)</i>	<i>(Rs. in Lacs)</i>
Sales and Other Income	555.55	854.98
Profit Before Interest, Depreciation and Tax	69.48	210.86
Interest	12.43	12.61
Depreciation	20.41	21.11
Profit Before Tax	36.64	177.14
Provision For Taxation	17.50	25.00
Net Profit After Tax	19.14	152.14
Profit Brought Forward	593.78	496.64
Profit Available For Appropriation	612.92	648.78
APPROPRIATIONS :		
Transfer To General Reserve	NIL	55.00
Balance Carried To Balance Sheet	612.92	593.78
	612.92	648.78

DIVIDEND :

In view of the inadequate profits during the year under review and with a view to conserve the resources to strengthen financial position of your company for meeting expenditure on its expansion projects, your Directors are constrained not to recommend any dividend for the year under review.

OPERATIONS :

During the year under review your Company achieved turnover of Rs.555.55 Lacs. Since the accounts of the current period are made for 12 months, direct comparison between the data relating to the year under review and the previous period is not possible.

PROJECT IMPLEMENTATION :

Renovation of Existing Hotel :

The Company has renovated and upgraded the existing Hotel at Matheran by adding various facilities like Renovation of Conference Hall having capacity of around 70 people, Swimming Pool, Garden Restaurant, Icecream parlour, Jogging Track and Horse Track, installation of Biotech sewerage treatment plant and EPBAX Telephone System. Though delayed Second phase of the project i.e. Construction work in respect of Health club, New Front Office and Outdoor Games Complex having Tennis Court is already completed. Hence your Company has completed renovation project as

mentioned in Prospectus.

Besides above, in order to provide better amenities your Company is also renovating rooms including converting of all the rooms into Air-conditioned Rooms as per customers' demand. and public area including Kitchen and Dining Room. Renovation of Kitchen, Dining Hall and five rooms is already completed.

EXPANSION SCHEME :

Construction of New Hotel at Matheran :

The Company has already commenced construction of a Time Share Resort at Matheran adjacent to the existing hotel. All rooms of the Resort will be of RCI Goldcrown Standard. The Company has affiliated this Resort with RCI (Resort Condominium International) to allow the timeshare buyers to avail of exchange facilities in over 3000 resorts worldwide. Though there is delay in completion of project, First phase of construction work of the project i.e. construction of main building and 10 suites is expected to be completed and commercial operation is expected to be started by June 1999.

Lonavala Hotel :

Your Company proposes to construct a 3 star hotel at Lonavala which consists of 160 rooms. Out of this 100 rooms will be on time share basis and have RCI gold crown standard. Your Company has already acquired the land for the hotel. Construction work though delayed is expected to commence shortly.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your Company from public, shareholders as at 30th September, 1998 was Rs.2,415,197/-. There were no unclaimed deposits as well as overdue interest and deposits as on that date.

OBSERVATIONS IN THE AUDITORS REPORT :

The observations made by the Auditors in their Audit Report are self explanatory or have been fully explained in the notes attached to the accounts and as such do not need any further clarification.

APPOINTMENT OF AUDITORS :

You are requested to appoint the Statutory Auditors for the current year and authorise the Board to fix up their remuneration.

The retiring Auditors M/s.R. Kabra & Co., Chartered Accountants, Mumbai being eligible offer themselves for re-appointment.

SUBSIDIARY COMPANIES :

The Audited Accounts together with the Reports of the Directors and the Auditors of the Company's subsidiaries, namely, Rugby Food and Beverages Limited, Polar Finance Limited, Jai Thackers Land Development Limited and Thackers Holdings Limited are attached alongwith the statement under Section 212 of the Companies Act, 1956.

Hotel Rugby Ltd.**8th Annual Report****PERSONNEL :**

Your Company's human resources have been playing a vital role in achieving organisational objectives.

Your Company's growth and progress is the result of hard work and devotion of all the employees.

PARTICULARS OF EMPLOYEES :

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given as per Annexure.

DIRECTORS :

In accordance with the Companies Act, 1956 and the Company's Articles of Association two of your Directors namely Mr. Ashok M. Kadakia and Mr. Dilip J. Thakkar retire by rotation and being eligible offer themselves for re-appointment.

The period of appointments of Mr. Mahendra R. Thacker as Managing Director and Mrs. Darshana M. Thacker as Executive Director has expired on 30th September, 1998. The Board has re-appointed Mr. Mahendra R. Thacker as Managing Director and Mrs. Darshana M. Thacker as Executive Director for a period of 5 years with effect from 1st October, 1998 on the terms and conditions contained in the notice convening the 8th Annual General Meeting of the Company. The Board recommends their re-appointment to be considered at the Meeting.

DELISTING ON PUNE AND AHMEDABAD STOCK EXCHANGES :

Equity shares of your Company are listed on Mumbai, Pune and Ahmedabad Stock Exchange since 1995 and on National Stock Exchange (NSE) since April 1996. The shares are regularly traded on The Stock Exchange, Mumbai and on National Stock Exchange. However there is no trading of the shares on Pune and Ahmedabad Stock Exchange since beginning. and since the shares are listed on National Stock Exchange trading of the shares is possible from any part of our Country.

In view of the above, it considered to delist your Company's shares at Pune and Ahmedabad Stock Exchange.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**(A) Conservation of Energy :**

Energy Conservation has remained an area of high priority for the Company. Selective replacement of obsolete equipment and awareness of the employees through training has enabled the Company to achieve reduction in energy consumption. Close monitoring of power consumption helped in minimising wastages and resulted in optimum utilisation of energy.

(B) Technology Absorption :

The activities of the Company do not involve any Technology absorption or expenditure on Research and Development.

(C) Foreign Exchange Earnings and Outgo :

	1997-98	1996-97
Foreign Exchange Earnings :	Rs.NIL	Rs.NIL
Foreign Exchange Outgo :	Rs.NIL	Rs.14,672/-

APPRECIATION :

Your Directors wish to place on record their appreciation of whole hearted co-operation received from Shareholders, Bankers, Financial Institutions, Suppliers and Valued Customers of the Company.

Your Company is very grateful to the various departments of the Central and State Governments, Local Authorities for extending co-operation in procedural matters.

Your Directors also wish to thank all the employees of the Company for their continued support and co-operation.

For and on behalf of the Board

CHANDRASINH H. MIRANI
CHAIRMAN

MUMBAI : 29th January, 1999

“Annexure A” to the Report of the Board of Directors

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30th September, 1998. Statement showing particulars of Employees employed throughout the year under review who are in receipt of remuneration which was in aggregate not less than Rs.3,00,000/- per annum or Rs.25,000/- per month during part of the year

Name	Age	Designation	Remuneration	Qualifications	Experience	Date of Appointment	Last Employment
Mr. Mahendra R. Thacker	56 Years	Managing Director	Rs.2,25,000/-	B.com. and Diploma in Hotel Management.	23 Years	25th October, 1993	Businessman
Mrs. Darshana M. Thacker	51 Years	Executive Director	Rs.2,25,000/-	B.A.	23 Years	25th October, 1993	Businesswoman

For and on Behalf of the Board

CHANDRASINH H. MIRANI
Chairman

Mumbai : 29th January, 1999

Hotel Rugby Ltd.**8th Annual Report****Auditors' Report****TO THE MEMBERS
OF HOTEL RUGBY LIMITED**

We have audited the attached Balance Sheet of **HOTEL RUGBY LIMITED** as at **30th September, 1998** together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 228(4A) of the Companies Act, 1956 we annex a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) 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 the books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;

(d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Note No. 1(f) regarding non-provision of gratuity liability, Note No.4 regarding non-provision for erosion in investment value of shares of subsidiary companies and other companies and diminution in value of balance due from subsidiary, note under Schedule 1 for Share Capital, Schedule 5 for Fixed Assets and Schedule 6 for Investments give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- (i) in case of the Balance Sheet, of the state of affairs of the company as at 30th September, 1998;
- (ii) in case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **R. KABRA & CO.**
CHARTERED ACCOUNTANTS

R. L. KABRA
PARTNER

MUMBAI : 29th January, 1999

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE OF HOTEL RUGBY LIMITED FOR THE YEAR ENDED 30TH SEPTEMBER, 1998

On the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we state as under :

1. The company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets. These assets have been physically verified by the management during the year. Discrepancies noticed on such verifications were not significant and the same have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. The management has conducted physical verification of stores, operating supplies, food and beverages at reasonable intervals. In our opinion the frequency of verification is reasonable.
4. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material, having regard to the size of operations of the company. However, the same have been properly dealt with in the books of account.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The company has taken unsecured loans from the companies, firms or other parties listed in the register