

# **HOTEL RUGBY LIMITED**



**HOTEL & RESORTS**

*10th Annual Report*  
*1999 - 2000*

**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. Thackkar	Director
Shri Dharmasinh M. Popat	Director
Ms. Thangam Philip	Director
Shri Mihir Thacker	Director

**AUDITORS :**

R.Kabra and Company  
Chartered Accountants

**SOLICITORS :**

Law Charter

**BANKERS :**

Union Bank of India  
Dena Bank  
The Kalayan Janata Sahakari Bank Limited  
Janakalyan Sahakari Bank Limited  
Bharat Sahakari Bank Limited  
Dombivli Nagari Sahakari Bank Limited  
The Malad Sahakari Bank Limited  
The Pen Co-operative Urban Bank Limited

**REGISTERED OFFICE :**

6, Stadium House,  
81/83, Veer Nariman Road,  
Churchgate  
Mumbai - 400 020.  
Tel. No. : 282 1721  
Fax No. : 202 1090

**CONTENTS**

Notice.....	1
Directors' Report.....	5
Auditors' Report.....	7
Balance Sheet.....	10
Profit & loss Account.....	11
Schedules Forming Part of Account.....	12
Subsidiary Companies.....	28

**LOCATION OF RESORT :**

Vithalrao Kotwal Road,  
Matheran - 410 102.  
Tel Nos.: 952148 - 30291 / 30292

**REGISTRAR & SHARE TRANSFER AGENTS :**

M/s. Intime Spectrum Registry Private Limited  
260, Shanti Industrial Estate  
Sarojini Naidu Road,  
Mulund (West), Mumbai - 400 080.  
Tel. : 568 4591  
Fax. : 567 2693.



## Notice

NOTICE IS HEREBY GIVEN THAT THE 10TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON FRIDAY 30TH MARCH, 2001 AT 10.30 A.M. AT M.C.GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 18/20 K.DUBHASH MARG, MUMBAI 400 001 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2000 and Profit and Loss Account for the year ended 30th September, 2000 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. C.H. Mirani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mihir M. Thacker 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 and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner:

- (1) **After existing Article 6(C) by incorporating the following new Article to be numbered as 6(D) alongwith the Heading :**

#### 6D. Issue of Sweat Equity Shares:

- (a) Notwithstanding anything contained in Section 79, the Company may issue Sweat Equity Shares of a class of shares already issued if the following conditions are fulfilled, namely :
  - (i) the issue of Sweat Equity Shares is authorised by a Special Resolution passed by the company in the General Meeting;
  - (ii) the Resolution specifying the number of shares, current market price, consideration, if any, and the class or classes of Director(s) or Employee(s) to whom such Equity Shares are to be issued;

- (iii) the Sweat Equity shares of the Company are issued in accordance with the Regulations made by the Securities and Exchange Board of India in this behalf:

**Explanation:-** "Sweat Equity Shares" means Equity Shares issued by the Company to Employees or Directors at a discount or for consideration other than cash for providing know-how or making available right in the nature of Intellectual Property Rights or Value Additions, by whatever name called.

- (b) All the limitations, restrictions and provisions relating to Equity Shares shall be applicable to such sweat Equity Shares issued under sub-clause (a) hereinabove.

- (2) **After the existing article 8 (B) by incorporating the following new Article as Article 8 (C).**

The Company shall have power to buy its own securities as provided in Section 77A as introduced by the Companies (Amendment) Act 1999 and/or guidelines issued by SEBI and/or such other appropriate authorities (including any statutory modifications or en-actment thereunder). In the event of non-compliance of provisions of Section 77A or other applicable provisions, if any, of the Companies Act, 1956 and/or SEBI Guidelines and/or guidelines/ notification order issued any other appropriate/ conserved Authorities, the Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in accordance with Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

- (3) **The following new Article 12A be inserted after the existing Article 12; alongwith the Heading and Margin Notes.**

### DEMATERIALISATION OF SECURITIES

- 12A(a) For the purposes of this Article, unless the context otherwise requires:

- (i) **Beneficial owner.**

"Beneficial owner" means a person whose name is recorded as such a depository;

- (ii) **SEBI Board.**

"SEBI Board" means the Securities and Exchange Board of India;

**(iii) Bye-laws**

"Bye-laws" means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

**(iv) Depositories Act.**

"Depositories Act" means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

**(v) Depository.**

"Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

**(vi) Record.**

"Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

**(vii) Regulations.**

"Regulations" means the regulations made by the SEBI Board;

**(viii) Security.**

"Security" means such security as may be specified by the SEBI Board.

- (b) Notwithstanding anything contained in these Articles of Association the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, including any statutory modifications or re-enactment thereof and to offer for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with details of members holding shares both material and dematerialised form(s) in any media as permitted by law including any form electronic media.

**Dematerialisation of securities.**

- (c) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to

dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

**Options to receive security certificates or hold securities with depository.**

- (d) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.

Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

**Securities in depositories to be in fungible form.**

- (e) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**Rights of depositories and beneficial owners.**

- (f) (i) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.  
(ii) Save as otherwise provided in (i) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.  
(iii) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

**Depository to furnish information .**

- (g) Every depository shall furnish to the Company information about the transfer of securities in



the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

**Option to opt out in respect of any security.**

- (h) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of intimations above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner of the transferee as the case may be.

**Sections 83 and 108 of the Companies Act not to apply.**

- (i) Notwithstanding anything to the contrary contained in the Articles.
- (i) Section 83 of the Act shall not apply to the shares held with a depository.
- (ii) Section 108 of the Act shall not apply to transfer of security effected by the transfer and the transferee both of whom are entered as beneficial owners in the records of a depository.

**Register and index of beneficial owners.**

- (j) The Register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be an Index of Members and Register and Index of Debenture holders as the case may be for the purposes of the Act.

**(4) After existing Article 46 By incorporating the following new Article to be numbered as 46 A and 46 B alongwith the headings:**

**46 A. NOMINATION OF SHARES**

- (a) Every holder of shares in, or holder of debentures of, a Company may, at any time, nominate, in the Prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.
- (b) Where the shares in, or debentures of, a

Company are held by more than one person jointly, the joint holders may together nominate, in the Prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

- (c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, Whether testamentary or otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or, as the case may be, on the death of the joint holders become entitled to all the right in the shares of debentures of the company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (d) Where the nominee is a minor, it shall be lawful for the holder of debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares, in or debentures of, the Company, in the event of his death, during the minority.

**46 B. TRANSMISSION OF SHARES**

- (a) Any person who becomes a nominee by virtue of the provision of section 109-A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (b) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he



so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

- (c) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debentureholder, as the case may be.
- (d) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by

membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with."

By Order of the Board  
For HOTEL RUGBY LIMITED

**MAHENDRA THACKER**  
Managing Director

Mumbai :2nd March,2001

Registered Office : 6, Stadium House,  
81/83, Veer Nariman Road,  
Churchgate, Mumbai - 400 020.

#### 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 27.03.2001 to 30.03.2001 (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.Intime Spectrum Registry Pvt. Ltd., 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai-400 080 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 No. 5 of the Notice is annexed hereto.

#### ANNEXURE TO THE NOTICE

##### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

##### Item No. 5 of the Notice

Consequent to the enactment of the Depositories Act,1996 and introduction of Depository System, some of the provisions of the Companies Act,1956, pertaining to issue, ownership, holding, transfer, transmission and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate the functioning of depository System. Your Company is exploring the possibility to be linked with the National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL) to provide the Members and investing public an opportunity to opt for a safer and more convenient mode of holding and trading in the shares of the Company in electronic mode. By the proposed Special Resolution, the Company's Articles of Association are sought to be suitably amended so as to be in line with the Depositories Act,1996 and the amendments in the Companies Act,1956 in this regard.

Further, consequent to The Companies (Amendment) Act, 1999, it is proposed to amend the relevant Articles in the Articles Of Association of the Company so as to make due provisions for Buy Back of shares, Nominations of shares, Issue of Sweat Equity Shares so as to bring in line with the latest amendment.

The Board of Directors therefore recommend the Resolution for approval of the Members Pursuant to Section 31 of the Act, the Resolution is proposed to be passed as a Special Resolution.

None of the Directors of the Company are concerned or interested in the said Resolution.

By Order of the Board  
For HOTEL RUGBY LIMITED

**MAHENDRA THACKER**  
Managing Director

Mumbai : 2nd March,2001





## Directors' Report

Yours Directors have pleasure in presenting this 10th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2000.

### FINANCIAL RESULTS:

The figures of the current financial results are summarised below.

	For the year ended 30.09.2000 (Rs. in Lacs)	For the year ended 30.09.1999 (Rs. in Lacs)
Sales and Other Income	572.56	558.12
Profit Before Interest, Depreciation and Tax	111.21	121.31
Interest	12.79	13.27
Depreciation	44.31	24.16
Profit Before Tax	54.11	83.88
Provision for Taxation	9.60	3.50
Net Profit After Tax	44.51	80.38
Excess provision For Tax For Earlier Years Written back	NIL	6.48
Profit Brought Forward	699.78	612.92
Profit Available For Appropriation	744.29	699.78
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	744.29	699.78
	<u>744.29</u>	<u>699.78</u>

### 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.572.56 Lacs. The company has started two units at Cross road, at Haji Ali, Mumbai, viz: 'Alladin's' and 'Oriental Express'. At 'Aladdin's' lebanese food and at 'Oriental Express' chinese and other asian food is

served. Both the units have shown progressive performance and have contributed to the income of the Company.

### PROJECT IMPLEMENTATION:

#### 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 4000 resorts worldwide.

Entire civil work in respect of the Project has already been completed. Commercial operation of 10 rooms has already been started. Interior furnishing work of balance 24 rooms is in progress and is expected to be completed within next three months.

### TIME SHARE MARKETING:

The Company has decided to pursue time share route for marketing of its new hotel at Matheran. The Company has made marketing arrangements with A.B.N. Associates (India) Private Limited, one of the reputed agencies. The agency is having an experience of 5 years in marketing of time share and is quite confident of the successful venture.

### PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your company from public, shareholders as at 30th September, 2000 was Rs.1,473,000/-. 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 & Company, 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, viz. Rugby Food and Beverages Limited, Polar Finance Limited, Thackers Holdings Limited and Jai Thackers Land Development Limited are attached along with the statement under section 212 of the Companies Act, 1956.

**PERSONNEL:**

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

**PARTICULARS OF EMPLOYEES:**

During the year under review none of the employees of the Company was in receipt of remuneration in excess of limits specified under section 217(2A) of the Companies Act, 1956 whether employed for the whole year or part of the year.

**DIRECTORS:**

In accordance with Companies Act, 1956 and the Company's Articles of Association two of your Directors namely Mr. C. H. Mirani and Mr. Mihir M. Thacker retire by rotation and being eligible offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board states

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed except Accounting Standard 15 for gratuity liability which is accounted on payment basis. The actuarial valuation for the purpose of taking gratuity policy is in progress. On the basis of actuarial valuation the necessary provision for gratuity liability will be made;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 30th September, 2000 and of the profit of the company for the year;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;

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

**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.

The Company has installed Solar Water Heating System at its hotel at Matheran.

**(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:**

	1999-2000	1998-99
Foreign Exchange Earnings	Rs.NIL	Rs.NIL
Foreign Exchange Outgo	Rs.NIL	Rs.NIL

**APPRECIATION:**

Your Directors wish to place on record their appreciation of whole hearted co-operation received from Shareholders, Banks, 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

Mumbai : 15th February, 2001

**C. H. MIRANI**  
Chairman





## Auditors' Report

TO THE MEMBERS OF  
HOTEL RUGBY LIMITED

We have audited the attached Balance Sheet of HOTEL RUGBY LIMITED as at 30th September, 2000 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 227(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, **except for gratuity liability which is accounted on payment basis which is not in accordance with Accounting Standard 15 issued by The Institute of Chartered Accountants of India, the profit and loss account and the balance sheet 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) **we are unable to report as to whether any director is disqualified from being appointed**

**as director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 since the necessary declarations from respective Directors are not yet obtained to verify the details of other companies making Directors as disqualified from being appointed as Director in the Company.**

- (f) in our opinion and to the best of our information and according to the explanation given to us, the said accounts, **subject to Note No.1(f) regarding non - provision of gratuity liability, Note No. 3 regarding non - provision for erosion in investment value of shares of subsidiary companies and other companies and diminution in value of balance and deposits due from subsidiary, note under Schedule 1 for share Capital, Schedule 5 for Fixed Assets and Schedule 6 for Investments and note no.1 to MAOCARO Report regarding compilation of fixed assets register for renovation / expansion project, 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, 2000;
  - (ii) in case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For R. KABRA & CO.  
Chartered Accountants

Mumbai : 15th February, 2001

R. L. KABRA  
Partner



## ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE OF M/S HOTEL RUGBY LIMITED FOR THE YEAR ENDED 30th SEPTEMBER, 2000.

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, except for the new renovation/expansion project which is under compilation. 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 maintained under section 301 of the Companies Act, 1956, the terms and conditions of which are not prima facie prejudicial to the interest of the company. Provisions of section 370(IB) of the Companies Act, 1956 are not applicable to the company on or after 31st October, 1998.
8. There is an interest free Caution Money Deposit due from wholly owned subsidiary company and there are certain interest free deposits given as per commercial expediency pursuant to agreements. Except this, the company has not given any loans secured or unsecured to the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Provisions of section 370(IB) of the Companies Act, 1956 are not applicable to the Company on or after 31st October, 1998.
9. The company has given interest free loans and advances to its employees and other parties who are generally repaying the same as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores and raw-materials, plant and machinery, equipments and other assets and for the income from sale of goods and services etc.
11. During the year the Company has not purchased /sold stores, raw materials and Components exceeding Rs. 50,000/- for each type thereof from subsidiaries, firms and companies or other parties in which directors are interested.
12. According to the information and explanations given to us the company has a system for determining unserviceable or damaged stores and operating supplies and necessary write-off action in the accounts has been affected to cover unserviceable items determined in the normal course of business.
13. In our opinion and according to the information and explanations given to us the company has complied with the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 for the deposits accepted from the public.
14. The Company has maintained reasonable records for the sale and disposal of realisable scrap and waste and there were no By-Products.
15. According to the information and explanations given