

KAMAT HOTELS (INDIA) LIMITED



11th
Annual Report
1996-97



The
ORCHID
AN ECOTEL HOTEL



ECOTEL® - The Hallmark of Environmentally Sensitive Hotels

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SEE	✓
YE	✓	✓		

KAMAT HOTELS (INDIA) LIMITED**BOARD OF DIRECTORS**

(as on 29th November, 1997)

MR. VENKETESH K. KAMAT - *Chairman*MR. VITHAL V. KAMAT - *Managing Director*

MR. K. PARAMESWARAN KANNAMPILLY

- Wholetime Technical Director

MR. MADHUSUDAN T. TIJORIWALA

MR. KRISHNA V. KAMAT

MR. SHIVANAND V. KAMAT

MR. RAJESH V. CHOUDHARY

COMPANY SECRETARY

MR. R. V. JOSHI

AUDITORS

M/S. J. G. VERMA & CO.

Chartered Accountants

M/S. ANAY GOGTE & CO.

*Chartered Accountants*Report  Junction.com**BANKERS**

CANARA BANK

INDUSIND BANK LTD.

GLOBAL TRUST BANK LTD.

SHAMRAO VITHAL CO-OP. BANK LTD.

STATE BANK OF INDIA

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REGISTERED OFFICE

70-C, NEHRU ROAD,
NEAR SANTACRUZ AIRPORT,
VILE PARLE (E),
MUMBAI - 400 099.
INDIA.

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of Kamat Hotels (India) Limited will be held at Kamats Klub, 12, Udyog Nagar, S. V. Road, Goregaon (West), Mumbai- 400 062, on Wednesday, the 31st December, 1997 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 30th June, 1997 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Rajesh V. Choudhary who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION :
 "RESOLVED THAT Mr. Shivanand V. Kamat who is retiring by rotation at this meeting and though eligible for reappointment has not offered himself for reappointment and this meeting expressly resolves that the vacancy so created shall not be filled up at this stage".
6. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION :
 "RESOLVED THAT in supersession of the Special Resolution passed by the Company at its Extra Ordinary General Meeting held on 1st February 1994 and pursuant to the provisions of Section 293 (1)(d) and other applicable provisions of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorised to borrow from time to time any sum or sums of moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount of moneys borrowed by the Company shall not exceed the limit of Rs.100 Crore (Rupees One Hundred Crore) over and above the total paid up capital and free reserves of the Company for the time being".
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION :
 "RESOLVED THAT pursuant to the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment/s to or re-enactment thereof), Listing Agreements entered into by the Company with the Stock Exchanges where the Shares are listed or to be listed and subject to all necessary approvals, consents, permissions and/or sanction of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Financial Institutions and all other appropriate and/or concerned Authorities, Institutions or Bodies, if any, and subject to any conditions and modifications as may be prescribed by them in granting any such approval, consent, permission or sanction agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers, conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with power to delegate such authority to such person or persons as the Board may deem fit to issue/offer and allot from time to time in one or more tranches, by way of private placement and/or preferential allotment, Equity Shares and/or Convertible Debenture (fully or partly at the option of the Company or the holders) and/or Warrants convertible into or representing Equity Shares, with or without detachable or non-detachable Warrant and/or Warrants of any nature (hereinafter

collectively referred to as "Securities", to be subscribed in Indian and/or foreign currency(ies) by resident(s) or non-resident(s) foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals or trust or otherwise/Foreign Institutional Investors (FIIs)/Financial Institutions/Investment Institutions Mutual Funds/ Pension Funds/Private Equity Funds Offshore Country Funds/ Venture Capital Funds/Banks and whether or not such investors are members of the Company) which, upon conversion of all Securities so issued or allotted, would ultimately result in an increase in the paid-up Equity Capital of the Company by an amount not exceeding Rs.1,30,00,000/- (Rupees One Crore Thirty Lakhs) (excluding such premium as may be determined) and such issue and allotment to be made within 3 months from the date of this resolution, in such tranche or tranches, at a conversion price or prices as may be determined as per the then prevailing policy of SEBI in this regard which at present prescribes as not less than the higher of the following:

The Average of the weekly high and low of the closing prices of the Equity Shares quoted during the 6 months preceding 30 days prior to the date of this resolution on any of the Stock Exchanges in which the Shares are listed and in which the highest trading volume in respect of the Shares of the Company has been recorded during the last 6 months preceding 30 days prior to the date of this resolution.

or

The average of the weekly high and low of the closing prices of the Equity Shares quoted during the 2 weeks preceding 30 days prior to the date of this resolution on any of the Stock Exchanges in which the Shares are listed and in which the highest trading volume in respect of the Shares of the Company has been recorded during the last 6 months preceding 30 days prior to the date of this resolution on such terms and conditions as may be decided and deemed appropriate by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have all or any terms or combination of terms in accordance with Indian and/or International practice including but not limited to terms and conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, including terms for issue of additional Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such agreements with any Lead Manager(s), Co-Lead Manager(s), Manager(s), Underwriter(s) and all such agencies, as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of commission, brokerage etc., or the like and also to seek the listing of such Securities in one or more Indian Stock Exchanges.

RESOLVED FURTHER THAT all the Equity Shares arising out of the issue of Securities as described above, shall rank pari-passu with the existing Equity Shares of the Company in all respects except provided otherwise, under the terms of issue and in the offering document.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create such mortgage and/or charge on the immovable and movable assets of the Company or on the whole or any part of the undertaking/s of the Company under section 293(1)(a) of the Companies Act, 1956, in respect of any Security issued by the Board pursuant to this resolution and in the event such Security(ies) is/are required to be secured and for that purpose to accept such terms and conditions and to execute such documents and writings as the Board may consider necessary or proper.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board/Committee thereof be and is hereby authorised on behalf of the Company to agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents

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or permissions to the issue as may be considered necessary, proper and expedient and to do all such acts, deeds, matters and things as it may be in its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting and marketing arrangements and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue(s), offer(s) or allotment(s) or otherwise and utilisation of the issue proceeds and/or otherwise to alter or modify the terms of the issue, if any, as it may in its absolute discretion, deem fit and proper without being required to seek further consents or approval of the Company to the end and intent that the Company shall be deemed to have given its approval thereto expressly to the authority of the resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or any Director or officer or officers of the Company to give effect to the aforesaid resolution".

By Order of the Board of Directors
For KAMAT HOTELS (INDIA) LIMITED

R. V. Joshi

Company Secretary

Registered Office:

70-C, Nehru Road, Near Santacruz Airport,
Vile Parle (East), Mumbai - 400099. (India)

Place : Mumbai

Date : 29th November, 1997

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 OF THE COMPANY.
2. The instrument appointing Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Shareholders are requested to notify changes, if any, in their respective address to the Registrars and Transfer Agents of the Company, M/s. Consolidated Share Services Private Ltd. at Shanti Nagar Cross Road, "A" Near M.I.D.C. Bus Depot, M.I.D.C. Andheri (East), Mumbai 400093. Tel. Nos. 8355636, 8355637 Fax No. 8381384.
4. A Member or his Proxy is requested to bring the Annual Report alongwith them, as extra copy will not be supplied at the Meeting as per usual practice.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 19th December, 1997 to 26th December, 1997 (both days inclusive).
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to Special Business of the Meeting is annexed hereto.
7. The dividend, if declared, will be exempt from Income-Tax in hands of the Members in terms of the relevant provisions of the Finance Act, 1997. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend will be paid to those Members whose names appear on the Register of Members at the close of business on 26th December, 1997 or to their order.
8. Members are requested to inform their bank account numbers and bank branch details to the Company to enable it to include these details in the dividend warrants and thus minimise the malpractices of theft of dividend warrants. Such information should be given to the Company's Registered Office immediately.
9. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has to transfer the unclaimed dividend for

the years ended on 30th June, 1995 and 30th June, 1996 to the General Revenue Account of the Central Government.

Accordingly, the unpaid dividends that are due for transfer to the Central Government are as follows:

Accounting Year ended	Due for Transfer on
30-06-1995 (Interim Dividend)	20-12-1998
30-06-1996	18-02-2000

Members who have not encashed their dividend warrants for the aforesaid Accounting years are requested to approach the Company for revalidation of their dividend warrants urgently.

10. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 5**

Mr. Shivanand V. Kamat retires by rotation at this meeting and though being eligible for reappointment has not offered himself for reappointment due to his preoccupation and it has also been decided not to fill in this vacancy so created at this stage.

The Directors commend this Resolution for your approval.

Item No. 6

At the Extra Ordinary General Meeting of the Company held on 1st February 1994 the Members of the Company had authorised the Board of Directors of the Company pursuant to section 293 (1)(d) of the Companies Act, 1956 to borrow moneys in excess of the aggregate of its paid up capital and free reserves subject however to a maximum of Rs. 50 Crore (Rupees Fifty Crore). Having regard to the increased activities of the Company, the said limit is considered by the Board to be inadequate. The Board accordingly recommends that the limit of borrowing should be increased to Rs. 100 Crore (Rupees One Hundred Crore) over and above the total paid up capital and free reserves of the company for the time being.

None of the Directors is concerned or interested in the Resolution.

Item No. 7

In order to part finance the cost of hotel projects, the promoters are committed to introducing additional Share Capital. The requirement of funds to the extent of Rs. 780 lakhs is proposed to be met by raising additional Capital. The new shares are proposed to be issued at Rs. 60/-, the amount at which shares were originally issued in October 1994. The share price if calculated on the basis of the prescribed formula would, however, be much lower. The funds so raised are proposed to be deployed for the Company's hotel projects. The Company proposes to issue Equity Shares and/or Convertible Debentures and/or Warrants encashable into Equity Shares.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent they may be entitled to the Securities that may be offered to them or otherwise applied for/allotted to them.

By Order of the Board of Directors
For KAMAT HOTELS (INDIA) LIMITED

R. V. Joshi

Company Secretary

Registered Office:

70-C, Nehru Road, Near Santacruz Airport,
Vile Parle (East), Mumbai - 400099. (India)

Place : Mumbai

Date : 29th November, 1997

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with Audited Statements of Accounts for the year ended 30th June, 1997.

FINANCIAL RESULTS :

Particulars	Rupees in Lakhs	
	Current year	Previous year
	(01-07-1996 to 30-06-1997)	(01-07-1995 to 30-06-1996)
Profit Before Depreciation & Taxation	184.89	166.20
Less : Depreciation	7.30	5.57
Profit Before Tax	177.59	160.63
Less : Provision for taxation	4.02	17.00
Amortisation of Expenses	23.54	23.54
Prior adjustments	3.34	1.22
Profit After Tax but before exceptional item	146.69	118.87
Add: Compensation	150.00	—
Add: Balance Brought Forward	9.18	75.55
General Reserve Brought Back	—	100.00
Distributable Profits	305.87	294.42
Appropriations:		
i) Tourism Development Reserve	—	1.00
ii) Proposed Dividend	85.94	84.24
iii) Tax on Proposed Dividend	8.59	—
iv) Debenture Redemption Reserve	200.00	200.00
v) General Reserve	10.00	—
vi) Balance carried over to Balance Sheet	1.34	9.18

DIVIDEND

Your Directors are pleased to recommend a Dividend of 8% on 1,07,42,550 Equity Shares for the year ended 30th June 1997. The members are requested to approve the same.

OPERATIONS:

i) FIVE STAR HOTEL AT MUMBAI:

The directors are pleased to inform the members that the hotel was partially opened to Public on 6th September, 1997. The hotel has been awarded the prestigious "ECOTEL" certification by HVS ECO Services USA which is the hallmark for environmentally sensitive hotels. The hotel thus becomes the first hotel in Asia to obtain the coveted certification. The hotel has been aptly renamed as "The Orchid". The Orchid employs a high powered team of professionals from the industry. The balance work is in progress and is expected to be completed by mid 1998.

ii) OTHER OPERATIONS:

Hotel Siddharth at Nashik was brought into the fold of the Company on 1st November, 1996 by virtue of a management contract for 35 years. The Company has a right to redevelop the said hotel during the currency of the contract. The 32 room hotel performed reasonably well during the period.

The other operations of the Company viz: the management division, the catering division, the travels division and the educational institute performed well. The total sales revenue earned by the Company was Rs. 578.39 lakhs, which includes other income of Rs. 168.89 lakhs. The Company also received Rs. 150 lakhs as compensation due to non fulfilment of certain obligation. The net worth of the Company including Debenture Redemption Reserve stood at Rs. 7129.63 lakhs at the end of the year.

In terms of Clause 43 of the Listing Agreement, performance of 1997 vis-a-vis projections made in the prospectus is as under:

	(Rs. in Lakhs) Projections	(Rs. in Lakhs) Actuals
Net Sales	2486.10	578.39
Net Profit including compensation	839.83	296.69
EPS	6.00	2.76
Dividend	10.00%	8.00%

Since the hotel was under construction as at the end of accounting year, the results could not be achieved. It may be recalled, as reported last year, that the commencement of Project was delayed due to delay in Public Issue and also due to change in the scope of work. It may be noted that the buildable areas underwent substantial change and also the hotel is now being built as a five star hotel.

PROJECTS:

As discussed above, the five star hotel project adjacent to Domestic Airport was partially opened to Public in September 1997. The building is fully complete and all major plant and machinery has been installed. The finishing of balance rooms and other Public areas is under progress and is expected to be completed by mid 1998. The Bandra project has been rescheduled and in terms of revised programme, the project would be completed by December, 1999. The project planning exercise for other projects shall commence only in mid 1998.

FINANCE:

The Company obtained a loan of Rs. 3000 lakhs from IDBI, of which Rs. 1761.05 lakhs were utilised towards the hotel project. The project was appraised by IDBI in August 1996.

The Company also appointed IDBI as the Debenture Trustees in place of Canara Bank. The Directors place on record their appreciation for the co-operation extended by Canara Bank during their tenure.

KAMAT HOTELS (INDIA) LIMITED

The rating of the debentures of the Company was retained at A(-) by CRISIL, indicating adequate safety with regard to repayment of interest and principal. The Company envisages repurchasing existing NCDs at a discount to reduce interest costs of the Company.

On 8-10-1996 the Company had forfeited 8,62,800 Equity Shares due to non-payment of Allotment and/or Call Money.

The Authorised Share Capital of the Company was increased from Rs. 15.50 crore to Rs. 30 crore on 21-07-1997.

FIXED DEPOSITS:

The Company has neither invited nor accepted any fixed deposits during the year.

PARTICULARS OF EMPLOYEES :

Details of remuneration paid to employees as required by Section 217 (2A) of the Companies Act, 1956, are annexed and form part of this report.

ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :

- Conservation of Energy : The Company continued the energy conservation efforts during the year. The Company has closely monitored power consumption and running hours on day to day basis thus resulting in optimum utilisation of energy. The new hotel is fitted with energy saving devices to conserve energy in the long run.
- Technology Absorption : The activities of Company at present do not involve technology absorption and research and development.
- Foreign exchange earnings and outgo
Earnings : Rs. -NIL-
Utilisation : Rs. 2,66,02,584
(including capital goods)

DIRECTORS:

Mr. Rajesh V. Choudhary retires by rotation and being eligible offers himself for reappointment. Your Directors recommend his appointment.

Mr. Shivanand V. Kamat also retires by rotation and though eligible to offer himself for reappointment has not done so, it has been decided not to fill up this vacancy.

AUDITORS:

M/s. J. G. Verma & Co. and M/s. Anay Gogte & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment, for which they have consented.

INDUSTRIAL RELATIONS:

The relations of the management with staff and workers remained strong and cordial during the year.

ACKNOWLEDGMENTS:

The Directors place on record their appreciation for the sincere and whole hearted co-operation extended by all concerned, particularly Securities & Exchange Board of India, Stock Exchanges, Department of Tourism, International Airport Authority of India, IDBI, CRISIL, the Bankers, Municipal authorities, Government of Maharashtra, clients and staff and look forward to their continued support.

The Directors also thank the project team, the suppliers and the contractors for their unstinted support and commitment.

The Directors also thank the shareholders for their continuing support and confidence in the Company and its management.

On behalf of the Board of Directors

(V. V. KAMAT)
Managing Director

(K. V. KAMAT)
Director

Place : Mumbai,

Date : 29th Novemebr, 1997

ANNEXURE TO THE DIRECTORS' REPORT, 1997

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 30th June 1997

Name	Designation	Remuneration (Rupees)	Experience Years	Age Years	Date of Commencement of Employment	Particulars of last Employment
Mr. Vithal V. Kamat	Managing Director	641250	24	45	01-04-1994	Plaza Hotels Pvt. Ltd.
Mr. K.P. Kannampilly	Wholetime Technical Director	396000	22	46	01-02-1996	K.Raheja Hotels Pvt Ltd.
Mr. Sunil Malik*	General Manager	153548	22	47	01-01-1997	Banitto Resorts Pvt. Ltd.

* Employed for part of the year.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of KAMAT HOTELS (INDIA) LIMITED as at 30th June, 1997 and also the annexed Profit & Loss Account of the Company for the year ended on that date.

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, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account, dealt with by the Report, are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 30th June, 1997;
 - and
 - (ii) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date

For J.G. VERMA & CO.,
Chartered Accountants

J.G. VERMA
Partner

Mumbai: 29th November, 1997

For ANAY GOGTE & CO.,
Chartered Accountants

ANAY GOGTE
Proprietor

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These assets have been physically verified by the management and no discrepancies were noticed.
- ii) None of the fixed assets has been revalued during the year.
- iii) Stock of food, beverages and stores have been physically verified by the management at reasonable intervals during the year.
- iv) The procedures of physical verification of the above stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on such verification between the physical and the book stock which were not material, have been properly dealt with in the books of accounts.
- vi) In our opinion, the valuation of above stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not taken any loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- viii) The Company has not granted any loan, secured or unsecured to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 except an unsecured loan of Rs.100.00 lakhs to a private limited company and the rate of interest and other terms and conditions of which are not prima facie prejudicial to the interests of the Company. As explained to us, there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
- ix) In respect of loans and advances in the nature of loans of Rs.270.00 lakhs given by the Company in earlier year, the parties have not repaid the amounts on the stipulated date. The Company has charged interest, but not recovered. The Company has taken reasonable steps and initiated appropriate legal proceedings for their recovery and has recovered a sum of Rs. 68.00 lakhs during the year under report. The balance loans of Rs. 202.00 lakhs and interest thereon are considered good and recoverable by the management.
- x) In our opinion and according to the information and explanations given to us the Company has reasonable internal control procedure for the purchase of stores and operating supplies, food and beverage, including components, plant & machinery, equipments and other assets and for the income from rooms, sale of food and beverages and other income.
- xi) In our opinion and according to the information and explanations given to us, the prices paid for purchase of goods and materials exceeding Rs 50,000/- or more in respect of each party in pursuance of a contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 are reasonable having regard to the prevailing market price for such goods and materials. There were no such transactions of sale of goods, material and services during the year under report.
- xii) Unserviceable and damaged stores, operating supplies, food and beverages have been determined and written off in the accounts.
- xiii) The Company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- xiv) In our opinion, reasonable records have been maintained by the Company for sale and disposal of miscellaneous scrap and waste. The Company does not have any by-products.
- xv) On the basis of the Internal Audit Reports broadly reviewed by us, we are of the opinion that the coverage of internal audit functions carried out by a firm of Chartered Accountants appointed by the Management, is commensurate with the size of the Company and the nature of its business.
- xvi) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- xvii) In respect of Provident Fund and Employees State Insurance Scheme dues, the Company was generally regular in depositing the same with the authorities within the stipulated time.
- xviii) According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at 30th June, 1997 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
- xx) The Company is not a Sick Industrial Company within the meaning of Clause (e) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores.
- xxii) There is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of the same to operating departments.

For J.G. VERMA & CO.,
Chartered Accountants

J.G. VERMA
Partner

Mumbai: 29th November, 1997

For ANAY GOGTE & CO.,
Chartered Accountants

ANAY GOGTE
Proprietor