

# HOTEL RUGBY LIMITED



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HOTEL & RESORTS

*11th Annual Report*

*2000 - 2001*

**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
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

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**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  
Sarajini Naidu Road,  
Mulund (West), Mumbai - 400 080.  
Tel. : 568 4591  
Fax. : 567 2693.

**Notice**

NOTICE IS HEREBY GIVEN THAT THE 11<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON WEDNESDAY 20<sup>TH</sup> MARCH, 2002 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, 2001 and Profit and Loss Account for the year ended 30th September, 2001 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 Jayantilal 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.

By order of the Board  
For HOTEL RUGBY LIMITED

**MAHENDRA THACKER**  
Managing Director

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

Mumbai : 7th February, 2002.

**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 18.03.2002 to 20.03.2002 (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 8 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.

**Hotel Rugby Limited****11th Annual Report****Directors' Report**

Yours Directors have pleasure in presenting this 11th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2001.

**FINANCIAL RESULTS:**

The figures of the current accounting year are summarised below.

	For the year ended 30.09.2001 (Rs. in Lacs)	For the year ended 30.09.2000 (Rs. in Lacs)
Sales and Other Income	573.90	572.56
Profit Before Interest, Tax and Depreciation	124.91	111.21
Interest	57.66	12.79
Depreciation	45.10	44.31
Profit Before Tax	22.15	54.11
Provision for Taxation	5.20	9.60
Net Profit After Tax	16.95	44.51
Profit Brought Forward	744.29	699.78
Profit Available For Appropriation	761.24	744.29
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	761.24	744.29
	<u>761.24</u>	<u>744.29</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.573.90 Lacs. The contracts for two units i.e. "Aladdin" and "Oriental Express" at "Crossroads" expired and could not be renewed as management of "Crossroads" decided to close Food Court and made available the same space to "Marks and Spencer". However the Company has obtained catering contract of Indian Merchants Chamber during the year under andreview. This unit has shown progressive performance

and contributing to revenue and profits of the Company.

**PROJECT IMPLEMENTATION:**

Construction project of new timeshare resort could not be completed as scheduled due to various factors beyond control of the management. Out of total 34 rooms commercial operation of 10 rooms have already been started. Interior furnishing of balance 24 rooms is in progress.

**PUBLIC DEPOSITS:**

The amount of outstanding deposits accepted by your compnay form public, shareholders as at 30th September, 2001 was Rs.15,18,000/-. There was no unclaimed deposits as well as overdue interest and deposit as on that date except one unclaimed deposit of Rs.9,000/- which was paid subsequently.

**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 offered 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 alongwith the statement under section 212 of the Companies Act, 1956.

**EMPLOYEES:**

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 Articles of Association of the company two of your Directors viz. Mr. Ashok M. Kadakia and Mr. Dilip Jayantilal Thakkar retire by rotation and being eligible offer themselves for re-appointment.

The information to be provided for these Directors under Corporate Governance Codes of the Listing Agreement is given in the Corporate Governance section of the Annual Report.

**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. Necessary provision for the same will be made on the basis of the actuarial valuation which is in progress.
- (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, 2001 and of the profit of the company for that 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.

**CORPORATE GOVERNANCE:**

The Company has commenced implementations of the provisions of Corporate Governance in terms of clause 49 of the Listing Agreements. A separate report on Corporate Governance is been incorporated as apart of this report alongwith a certificate from Auditors of the Company, which is annexed thereto.

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

Energy Conservation has remained an area of 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.

**(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:**

2000-2001 1999-2000

Foreign Exchange Earnings	Rs.NIL	Rs.NIL
Foreign Exchange outgo	Rs.NIL	Rs.NIL

**APPRECIATION:**

Your Directors wish to place on record their appreciation for the wholehearted 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 their 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

**C. H. MIRANI**  
Chairman

Mumbai : 7th February, 2002



## CORPORATE GOVERNANCE

### Introduction

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for implementation by companies listed on the Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements of the Stock Exchanges with which the Company is listed. The Company has commenced implementing the Code from this year itself. The following is the report on the Corporate Governance Code as implemented by your Company.

### A. Mandatory Requirements

#### 1. Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the activities of the organization keeping in mind the interests of shareholders, stockholders and the society.

#### 2. Board of Directors

(a) The Company's Board presently consists of two executive directors, one non-executive director and five non-executive independent directors. Thus the Board comprises of majority of non-executive / independent directors who are acknowledged as leading professionals in their respective fields.

Name of the Director	Executive, Non-executive, Independent *	No. of Other Directorships		Membership of Other Board Committees
		Pvt	Public	
Mr. C. H. Mirani	Chairman, Non-executive, Independent	1	9	
Mr. Mahendra R. Thacker	Managing Director, Executive	4	4	
Mrs. Darshana M. Thacker	Executive Director	0	4	
Mr. Ashok M. Kadakia	Non-executive, Independent	3	7	
Mr. Dilip J. Thakkar	Non-executive, Independent	8	11	10
Mr. D. M. Popat	Non-executive, Independent	4	9	2
Ms. Thangam Philip	Non-executive, Independent	0	2	
Mr. Mihir Thacker	Non-executive	1	4	

\* An independent director is a director who does not have any pecuniary relationship or transactions with Company, its promoters or its management or its subsidiaries, which in the judgment of the Board may affect their independence of judgment.

#### (b) Attendance of Directors at Board Meetings and last Annual General Meeting

The Board of the Company met eight times during the year on the following dates:  
31-10-2000, 11-01-2001, 31-01-2001, 15-02-2001, 02-03-2001, 30-03-2001, 30-04-2001, 31-07-2001

The Company placed before the Board the annual operating plans, performance of various units/divisions and various other information, including those specified under Annexure 1 of the Listing Agreement, from time to time.



(c) The attendance at the Board Meetings and the Last Annual General Meeting were as under:

Name of the Director	Relationship with other Directors	Business relationship with the Company	Attendance Board Meeting	AGM
Mr. C. H. Mirani	None	None	5	No
Mr. Mahendra R. Thacker	Husband of Mrs. Darshana Thacker & Father of Mr. Mihir Thacker	Promoter	8	Yes
Mrs. Darshana M. Thacker	Wife of Mr. Mahendra Thacker & Mother of Mr. Mihir Thacker	Promoter's Family	8	Yes
Mr. Ashok M. Kadakia	None	None	8	Yes
Mr. Dilip J. Thakkar	None	None	8	Yes
Mr. D. M. Popat	None	None	0	No
Ms. Thangam Philip	None	None	0	No
Mr. Mihir Thacker	Son of Mr. Mahendra & Mrs. Darshana Thacker	Promoter's Family	7	Yes

(d) Remuneration of Directors

Details of remuneration paid to Directors for the year ended 30th September, 2001 are as follows:

Name of the Director	Loans & Advances from the Company.	Sitting Fees Rs.	Salary & perquisites Rs.	Commission Rs.	Total Rs.
Mr. C. H. Mirani	Nil	1,250	Nil	Nil	1,250
Mr. Mahendra R. Thacker	Nil	Nil	90,000	Nil	90,000
Mrs. Darshana M. Thacker	Nil	Nil	90,000	Nil	90,000
Mr. Ashok M. Kadakia	Nil	2,000	Nil	Nil	2,000
Mr. Dilip J. Thakkar	Nil	2,000	Nil	Nil	2,000
Mr. D. M. Popat	Nil	Nil	Nil	Nil	Nil
Ms. Thangam Philip	Nil	Nil	Nil	Nil	Nil
Mr. Mihir Thacker	Nil	1,750	Nil	Nil	1,750

### 3. Audit Committee

(i) The Audit committee was setup by the Board at its meeting held on 15th February, 2001. The Constitution of the Committee is given below :

Name	Designation	Non-executive / Independent
Mr. Ashok M. Kadakia	Chairman	Independent
Mr. C. H. Mirani	Member	Independent
Mr. Dilip J. Thakkar	Member	Independent





(ii) During the year under review two meetings of Audit Committee were held. The third meeting was held for approval of annual accounts on 7th February, 2002. All the 3 members attended the Meeting.

(iii) The terms of reference of the Audit Committee include the following:

- 1 To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the recorded of the Company and external professional advice, if necessary.
- 2 Any related party transactions, i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- 3 Reviewing with the Management, External and Internal Auditors, the adequacy of internal control systems.
- 4 Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 5 Discussions with internal Auditors any significant findings and follow up thereon.
- 6 Reviewing the Company's financial and risk management policies.
- 7 To have discussions with the Auditors periodically about internal control systems, the scope of audit including the observations of the Auditors and review the quarter, half-yearly, and annual financial statements before submissions to the Board.
- 8 To ensure compliance of internal control systems.

#### 4. Remuneration Committee

The Company has not constituted Remuneration Committee. Non-executive Directors are paid only sitting fees for attending the Board Meetings. There are two wholetime Directors i.e. Managing Director and Executive Director who are drawing the remuneration as per the agreement entered into with them for a period of five years from 1st October, 1998 as per the resolution passed at the Annual General Meeting of the Company.

#### 5. Investors Grievance Committee

(i) The Board has constituted an Investors Grievances Committee which looks into shareholders and investors grievance. The following are the members of the committee.

Name of the Director	Designation	Non-executive / Independent
Mr. C. H. Mirani	Chairman	Independent
Mr. Mahendra R. Thacker	Member	Executive
Mrs. Darshana M. Thacker	Member	Executive

(ii) Mr. Mahendra R. Thacker Managing Director, is the Compliance Officer.

(iii) No. of Shareholders complaints received so far 12

(iv) No. of complaints not solved to the satisfaction of shareholders - NIL.

(v) No. of pending share transfers - NIL.





## 6. General Body Meeting

Annual General Meeting (AGM)	Date	Time	Venue	Special Resolution passed
8th AGM	23rd March, 1999	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K. Dubhash Marg, Mumbai- 400001.	1. Delisting on Pune and Ahmedabad Stock Exchanges 2. Re-appointment of Managing Director and Executive Director
9th AGM	29th March, 2000	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg, Mumbai- 400001.	1. Appointment of Registrars and Share Transfer Agents.
10th AGM	30th March, 2001	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg, Mumbai- 400001.	1. Amendment of Articles of Association for DEMAT of shares. 2. Issues of sweet Equity Shares 3. Buy back of shares

There was no special resolution put through postal ballot during last year.

## 7. Disclosures

No transaction of material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with interests of the Company. The Register of Contracts containing transactions in which directors are interested, is placed before the Board regularly.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or The Stock Exchanges does not arise.

## 8. Means of Communication

- The annual, half-yearly and quarterly results are regularly submitted to the Stock Exchanges and published in following newspapers in accordance with the Listing Agreement.

- The Free Press Journal (English)
- Navshakti. (Marathi)

## 2. Management Discussion and Analysis

The company's assessment performance for 2000-01 and the outlook for the current year. Is based on the current environment and business situation. However, unforeseen circumstances and those arising from external factors could affect the performance and the results.

## (a) Industry Structure and Development

Our country is passing through a difficult phase and is experiencing a downward trend in economic activities. We are witnessing a general slowdown of economy and more particularly in industrial sector. Corporate results are not up to expectations and bottom lines are shrinking. The hotel and Tourism industry is not an exception The results of hotel corporates are showing stagnation or downward trend to their bottom lines.

**(b) Financial & Operational Performance**

The depressed economic conditions have adversely affected the business activities of the Company in terms of lower occupancy, reduction in profit margins, increase in operating cost. On the other hand there is increase in no. of hotels at Matheran resulting into increase in supply of rooms. This led to a cutthroat competition among the hotels at Mathern constraining the hotels to give huge discounts and freebies.

Even during this volatile situation the Company is able to maintain its turnover as compared to the previous year. However due to higher interest cost the Company could not achieve the expected profitability.

Hotel as well as two divisions also performed well. During the year under review the contracts for two units i.e. "Aladdin" and Oriental Express" at "Crossroads" expired and could not be renewed as management of "Crossroads" decided to close Food Court and made available the same space to "Marks and Spencer". However the Company has obtained catering contract of Indian Merchants Chamber. This unit has shown progressive performance and contributing to revenue and profits of the Company.

Construction project of new timeshare resort could not be completed as scheduled due to various factors beyond control of the management.

**(c) Outlook, Risks and Concerns :**

In order to improve its performance and to succeed in this increasingly competitive environment, sluggish market conditions and volatile economic scenario the Company is making efforts to achieve operational efficiency, to apply new marketing strategy, new management techniques, effective cost control etc. The Company has focussed its efforts on corporate bookings for holiday homes, Conferences etc. The Company is making efforts for increasing its marketing strength to increase its market share.

**(d) Internal Control Systems:**

The Standard Operating Policy, Procedures and Guidelines are issued from time to time to achieve best practices for adequate control in regard to operations of the Company. Comprehensive internal audit is also carried out by an independent internal auditor to ensure compliance and identify weaknesses in the system.

**(e) Human Resources & Industrial Relations**

Since The human resource of the Company is its prime asset contributing through dedicated hard work, creativity and innovation to the profitability of the organisation. The industrial relations continued to be harmonious and cordial providing an atmosphere conducive to sustenance of growth and enhancement of value for shareholders.

**9. General Shareholder Information****a) Annual General Meeting**

Date and Time

20th March, 2002 at 10.30 A.M.

Venue

M. C. Ghia Hall, Bhogilal Hargovindas Bldg.,  
18/20, K Dubhash Marg, Mumbai - 400 001.

**b) Financial Calendar :**

1. Results for the Quarter Ended 31st December, 2001 : Taken on record by the Board of Directors in its meeting held on 31st January, 2002 and published in The Free Press Journal (English) dated 1st February 2002, and Navshakti (Marathi) dated 2nd February, 2002.

2. Results For the Quarter Ended 31st March, 2002:End of April, 2002

3. Results For the Quarter Ended 30th June, 2002:End of July, 2002

4. Results For the Year Ended 30th September, 2002 :End of October 2002

**c) Book Closure Date 18th March, 2002 to 20th March, 2002.****d) Dividend Payment Date - Not Applicable****e) Listing on Stock Exchanges**

- 1.The Stock Exchange, Mumbai
- 2.National Stock Exchange of India Limited