

HOTEL RUGBY LIMITED



HOTEL & RESORTS

12th Annual Report

2001 - 2002

Hotel Rugby Limited**12th Annual Report****BOARD OF DIRECTORS :**

| | |
|---------------------------------|--------------------|
| Shri Mahendra R. Thacker | Managing Director |
| Smt. Darshana M. Thacker | Executive Director |
| Shri Ashok M. Kadakia | Director |
| Ms. Thangam Philip | Director |
| Shri Mihir Thacker | Director |

AUDITORS :

R.Kabra & 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
C/13, Pannalal Silk Mills Compound
L.B.S. Marg,
Bhandup (West),
Mumbai - 400 078.

Hotel Rugby Limited**12th Annual Report****Notice**

NOTICE IS HEREBY GIVEN THAT THE 12TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON MONDAY 30TH JUNE, 2003 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, 2002 and Profit and Loss Account for the year ended 30th September, 2002 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of Ms. Thangam Philip who retires by rotation and being eligible offers himself for re-appointment.
3. 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 : 29th May, 2003

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 28.06.2003 to 30.06.2003 (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., C/13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078 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**12th Annual Report****Directors' Report**

Yours Directors have pleasure in presenting this 12th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2002.

FINANCIAL RESULTS:

The figures of the current accounting year are summarised below.

| | For the year ended 30.09.2002 (Rs. in Lacs) | For the year ended 30.09.2001 (Rs. in Lacs) |
|---|--|--|
| Sales and Other Income | 522.67 | 573.90 |
| Profit Before Interest, Tax and Depreciation | 84.83 | 124.91 |
| Interest | 81.45 | 57.66 |
| Depreciation | 44.78 | 45.10 |
| Profit C Before Tax and prior period item | (41.40) | 22.15 |
| Prior period item | 1.95 | NIL |
| Profit/(Loss) Before Tax | (39.45) | 22.15 |
| Provision for Taxation | | |
| - Current Tax | 3.65 | 5.20 |
| - Deferred Tax | (10.67) | NIL |
| Net Profit/(Loss) After Tax | (32.43) | 16.95 |
| Profit Brought Forward | 761.24 | 744.29 |
| Profit Available For Appropriation | 728.81 | 761.24 |
| APPROPRIATIONS: | | |
| Transfer to General Reserve | NIL | NIL |
| Proposed Dividend | NIL | NIL |
| Balance Carried to Balance Sheet | 728.81 | 761.24 |
| | <u>728.81</u> | <u>761.24</u> |

DIVIDEND:

In view of the loss made by the Company for the year under review and with a view 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.522.67 Lacs. During the previous year the Company had obtained catering contract of Indian Merchants Chamber. This unit has shown progressive performance and contributing to revenue and profits of

the Company. Both Matheran Hotel and catering division are performing well and contributing to the revenue of the Company. However due to higher interest cost the Company could not earn expected profit.

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 construction of 10 rooms has already been completed. Interior furnishing of balance 24 rooms is in progress.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your company from public, shareholders as at 30th September, 2002 was Rs.959,500/-. There was no unclaimed deposits as well as overdue interest and deposit as on that date except unclaimed deposits of Rs.427,500/- 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 have 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.

Hotel Rugby Limited**12th Annual Report****DIRECTORS:**

During the year under review Mr. Dilip Jayantilal Thacker and Mr. D.M. Popat, Mr. C. H. Mirani, Chairman of the Company resigned with effect from 23rd March, 2002, 29th April, 2002 and 22nd November, 2002 respectively.

The Ex.Chairman of your Company Mr. C.H. Mirani passed away on 14th October, 2002. May his soul rest in peace.

The Board wish to place on record its sincere appreciation for the valuable guidance and continuous support rendered by Mr. Dilip Jayantilal Thakkar, Mr. C. H. Mirani and Mr. D. M. Popat during their association with the Company.

The chairman of your company Mr. C.H. Mirani passed away on 14th October, 2002 may his soul rest in peace.

In accordance with Companies Act, 1956 and the Articles of Association of the Company Ms. Thangam Philip retires by rotation and being eligible offers herself for re-appointment.

The information to be provided for her under Corporate Governance Codes of the Listing Agreement has been 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 have been followed except Accounting Standard 15 for gratuity liability which is accounted on payment basis.
- (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, 2002 and of the loss 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 implementation 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 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:

2001-2002 2000-2001

| | | |
|---------------------------|--------|--------|
| Foreign Exchange Earnings | Rs.NIL | Rs.NIL |
| Foreign Exchange outgo | Rs.NIL | Rs.NIL |

APPRECIATION:

Yours 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.

Yours 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

Mr. Mahendra Thacker
Managing Director

Mumbai : 29th May, 2003



CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement a Report on Corporate Governance is given below

1. Company's Philosophy on Corporate Governance

The Company is committed to maintain highest level of Corporate Governance with transparency and corporate accountability in its actions and operations and to become a good corporate citizen.

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 two non-executive independent directors. Thus the Board comprises of majority of non-executive directors

During the year Mr. Dilip J. Thakkar and Mr. C.H. Mirani, Chairman of the Company resigned with effect from 23rd March and 29th April, 2002 respectively.

Mr. D. M. Popat resigned with effect from 22nd November, 2002.

| Name of the Director | Executive, Non-executive, Independent | No. of Other Directorships | | Membership of Other Board Committees |
|--------------------------|---------------------------------------|----------------------------|--------|--------------------------------------|
| | | Pvt | Public | |
| Mr. Mahendra R. Thacker | Managing Director, Executive | 1 | 4 | |
| Mrs. Darshana M. Thacker | Executive Director | 0 | 4 | |
| Mr. Ashok M. Kadakia | Non-executive, Independent | 3 | 7 | |
| 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 five times during the year on the following dates:

31-10-2001, 31-01-2002, 07-02-2002, 30-04-2002, 31-07-2002

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:

Hotel Rugby Limited**12th Annual Report**

| Name of the Director | Relationship with other Directors | Business relationship with the Company | Attendance Board Meeting | AGM |
|--------------------------|--|--|--------------------------|-----|
| Mr. C. H. Mirani | None | None | 3 | No |
| Mr. Mahendra R. Thacker | Husband of Mrs. Darshana Thacker & Father of Mr. Mihir Thacker | Promoter | 5 | Yes |
| Mrs. Darshana M. Thacker | Wife of Mr. Mahendra Thacker & Mother of Mr. Mihir Thacker | Promoter's Family | 5 | Yes |
| Mr. Ashok M. Kadakia | None | None | 5 | Yes |
| Mr. Dilip J. Thakkar | None | None | 2 | 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 | 5 | Yes |

(d) Remuneration of Directors

Details of remuneration paid to Directors for the year ended 30th September, 2002 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 | 750 | Nil | Nil | 750 |
| 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 | 1,000 | Nil | Nil | 1,000 |
| Mr. Dilip J. Thakkar | Nil | 500 | Nil | Nil | 500 |
| Mr. D. M. Popat | Nil | Nil | Nil | Nil | Nil |
| Ms. Thangam Philip | Nil | Nil | Nil | Nil | Nil |
| Mr. Mihir Thacker | Nil | 1,250 | Nil | Nil | 1,250 |

3. Audit Committee

- (i) The Audit committee was setup by the Board at its meeting held on 15th February, 2001 was reconstituted in the meeting of the Board of Directors held on 30th April, 2003 as follows

| Name | Designation | Non-executive / Independent |
|----------------------|-------------|-----------------------------|
| Mr. Ashok M. Kadakia | Chairman | Independent |
| Ms. Thangam Philip | Member | Independent |
| Mr. Mihir Thacker | Member | Non-executive |

- (ii) During the year under review three meeting of Audit Committee wer held. The third Meeting was held for approval of annual accounts.

| Date of Meeting | No. of Members | Attendance |
|-----------------|----------------|------------|
| 31-01-2002 | 3 | 3 |
| 07-02-2002 | 3 | 2 |
| 31-07-2002 | 3 | 2 |

Besides this, another meeting of the Audit Committee was held on 29th May, 2003, at which the audited account for the year ended 30th September, 2002 were placed before the Committee for consideration. Two members of the Audit Committee 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) During the year the Board has reconstituted an Investors Grievances Committee which looks into shareholder and investors grievance. The following are the members of the committee.

| Name of the Director | Designation | Non-executive / Independent |
|--------------------------|-------------|-----------------------------|
| Mr. Ashok M. Kadakia | 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 13

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

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

Hotel Rugby Limited**12th Annual Report****6. General Body Meeting**

| Annual General Meeting (AGM) | Date | Time | Venue | Special Resolution passed |
|------------------------------|------------------|------------|--|---|
| 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 sweat Equity Shares 3. Buy back of shares |
| 11th AGM | 20th March, 2002 | 10.30 a.m. | M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg, Mumbai- 400001. | NIL |

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

1. 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.

1. The Free Press Journal (English)
2. Navshakti. (Marathi)

2. Management Discussion and Analysis

The company's assessment performance for 2002-03 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.

1. 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.

2. Financial & Operational Performance

The depressed economic conditions have adversely affected the business activities of the Company in terms of lower occupancy, 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 unhealthy competition

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among the Hotels at Mathern constraining the Hotels to give huge discounts and freebies. As a results of there turnover of the Company has gone down as compared to the previous year.

Even during this volatile situation the Company has achieved turnover of Rs.522.67 Lacs. However due to higher interest cost the Company could not achieve the expected profitability. Hotel as well as two divisions also performed well. Indian Merchants Chamber Division 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.

3. 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.

4. 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.

5. Human Resources & Industrial Relations

Since the human resource of the Company is its prime asset contributing through dedicated hard work, creative 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

10.30 A.M. on 30th June, 2003

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 Decmber, 2002 : Taken on record by the Board of Directors in its meeting held on 31st Januaray, 2003 and published in The Free Press Journal (English) and Navshakti (marathi) both dt. 2nd February, 2003.

2. Results For the Quarter Ended 31st March, 2003 : Taken on record by the Board of Directors in its meeting held on 30th April, 2003 and published in The Free Press Journal (English) dt. 1st May, 2003 and Navshakti (marathi) both dt. 2nd May, 2003.

3. Results For the Quarter Ended 30th June, 2003 : End of July, 2003

4. Results For the Year Ended 30th September, 2003 : End of October 2003

c) Book Closure Date 28th June, 2003 to 30th June, 2003.

d) Dividend Payment Date - Not Applicable

e) Listing on Stock Exchanges

1. The Stock Exchange, Mumbai

2. National Stock Exchange of India Limited

f) Stock Code - The Stock Exchange, Mumbai - 26683

National Stock Exchange - HOTEL RUGBY