

HOTEL RUGBY LIMITED



HOTEL & RESORTS

13th Annual Report

2002 - 2003

Hotel Rugby Limited**13th 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
Shri. V. P. Shah	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. : 2282 1721
Fax No. : 2202 1090

LOCATION OF RESORT :

Vithalrao Kotwal Road,
Matheran - 410 102.
Tel Nos.: 952148 - 230291 / 230292

REGISTRAR & SHARE TRANSFER AGENTS :

M/s. Intime Spectrum Registry Limited
C/13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West), Mumbai - 400 078.

CONTENTS

Notice.....	1
Director's Report.....	5
Corporate Governance.....	7
Auditor's Report.....	15
Balance Sheet.....	18
Profit & loss Account.....	19
Schedules Forming Part of Account.....	20
Consolidated Financial Statements.....	35

Hotel Rugby Limited



13th Annual Report

Notice

NOTICE IS HEREBY GIVEN THAT THE 13TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON FRIDAY, 25TH JUNE, 2004 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, 2003 and Profit and Loss Account for the year ended 30th September, 2003 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Mihir Thacker 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.

SPECIAL BUSINESS

4. To Consider and if through fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT Mr. Vandavan Premchand Shah, who was appointed as an additional Director of the Company pursuant to the provisions of section 260 of the Companies Act, 1956 with effect from 1st September, 2003 and who hold office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation."

5. **RE- APPOINTMENT OF MR. MAHENRA R. THACKER AS MANAGING DIRECTOR.**

To consider & if though fit to pass with or without modification the following resolution a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other application provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government the consent & approval of the Members be & is hereby accorded to the re-appointment of Mr. Mahendra R. Thacker as Managing Director of the Company for a period

5 years w.e.f. 1/10/2003 on the terms and conditions including expressly the remuneration payable to him as Managing Director and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mr. Mahendra R. Thacker submitted to this meeting and for the purpose of identification initialled by the Chairman.

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

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

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

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

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

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other application provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government the consent & approval of the Members be & is hereby accorded to the re - appointment of Mrs. Darshana M. Thacker as

Hotel Rugby Limited**13th Annual Report**

Executive Director of the Company for a period 5 years w.e.f. 1/10/2003 on the terms and conditions including expressly the remuneration payable to her as Executive Director and the minimum remuneration payable to her in case of absence or inadequacy of profits in any year, as set out in the draft Agreement between the Company and Mrs. Darshana M. Thacker submitted to this meeting and for the purpose of identification initialled by the Chairman.

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

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

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

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

By order of the Board
For HOTEL RUGBY LIMITED

MAHENDRA THACKER
Managing Director

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

Mumbai : 13th May, 2004

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 23.06.2004 to 25.06.2004 (both days inclusive).
3. Explanatory Statement Pursuant to Section 173 of Companies Act, 1956 in respect of Special Business under item Nos. 4, 5 and 6 of the Notice is annexed hereto.
4. Members are requested to intimate any change in their address to the Company's Registrar and Share Transfer Agents M/s. Intime Spectrum Registry Ltd., C/13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078 at the earliest quoting their Folio Numbers.
5. 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.
6. Members are requested to bring the copy of Annual Report sent to them.
7. The Company has obtained permission from the Registrar of Companies, Maharashtra vide its letter No.63265/TA dated 25th February, 2004 for extension of time to hold the Annual General Meeting for the year ended 30th September, 2003 for a period upto 30th June, 2004.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956 RESPECT OF THE SPECIAL BUSINESS:

ITEM NO. 4

Mr. V. P. Shah was appointed as an additional Director of the Company with effect from 1st September, 2003. His term as Director expires at the forthcoming Annual General Meeting. The Board has received a notice along with the prescribed deposit as required under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. V. P. Shah for the office of Director.

The Board recommends his appointment as a director of the company. None of the directors except Mr. V. P. Shah as it relates to his appointment, is interested in the resolution.

ITEM NO. 5 AND 6

At the Annual General Meeting of the Members of the Company held on 23rd March, 1999 Mr. Mahendra R. Thacker & Mrs. Darshana M. Thacker have been re-appointed as Managing Director & Executive Director respectively, for the period of 5 years w.e.f. 01.10.98.

Hotel Rugby Limited



13th Annual Report

The Board of Directors at its meeting held on 19/09/2003 have re-appointed Mr. Mahendra R. Thacker as Managing Director & Mrs. Darshana M. Thacker as Executive Director respectively, for the further 5 years w.e.f. 01-10-2003 on the terms relating to the remuneration, commission, prerequisites and other terms and conditions contained in the draft agreement to be entered in to between the company and Mr. Mahendra R. Thacker & Mrs. Darshana M. Thacker respectively, which are as follows :

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

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

2. PERQUISITES

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

CATEGORY : A**(i) Housing –**

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

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

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

(ii) Medical benefits for self and family –

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

(iii) Leave Travel Concession –

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

(iv) Club Fees –

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

(v) Personal Accident Insurance

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

CATEGORY : B

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

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

CATEGORY : C

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

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

COMMISSION

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

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

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

OR

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

II. MINIMUM REMUNERATION

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

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

(a) contribution to Provident fund, superannuation fund or Annuity fund to the extent these, singly or put together, are not taxable under the Income Tax Act. 1961.

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service ; and

(c) encashment of leave, at the end of his tenure of office, shall not be included in the computation of the above mentioned ceiling on remuneration.

Hotel Rugby Limited**13th Annual Report****III. OTHER TERMS :**

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

- (vix) The company will reimburse him / her expenses incurred by him /her for travelling and entertainment in connection with the business of the company."

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

The Directors commend the Resolution set out at item Nos. 5 and 6 of the accompanying Notice for your approval.

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

The said draft agreements referred to in the Resolutions at item Nos. 5 and 6 are available for inspection to the members at the Registered Office of the Company on working days of the Company between 11.00 A.M. and 1.00 PM. Upto and including the day of the Annual General Meeting.

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 : 13th May, 2004

Hotel Rugby Limited



13th Annual Report

Directors' Report

Yours Directors have pleasure in presenting this 13th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2003.

FINANCIAL RESULTS:

The figures of the current accounting year are summarised below.

	For the year ended 30.09.2003 (Rs. in Lacs)	For the year ended 30.09.2002 (Rs. in Lacs)
Sales and Other Income	463.21	522.67
Profit Before Interest, Tax and Depreciation	7.46	84.83
Interest	85.09	81.45
Depreciation	45.43	44.78
Profit/(Loss) Before Tax and prior period item	(123.06)	(41.40)
Prior period items	NIL	1.95
Profit/(Loss) Before Tax	(123.06)	(39.45)
Provision for Taxation		
- Current Tax	NIL	3.65
- Deferred Tax	(26.31)	(10.67)
Net Profit/(Loss) After Tax	(96.75)	(32.43)
Excess Provision For Tax For Earlier Year	0.95	NIL
Profit Brought Forward	728.81	761.24
Profit Available For Appropriation	633.01	728.81
APPROPRIATIONS:		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	633.01	728.81
	<u>633.01</u>	<u>728.81</u>

DIVIDEND:

In view of the loss made by the Company for the year under review, 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.463.21 Lacs. Both Matheran Hotel and catering division are performing well and contributing to the revenue of the Company.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your company from public, shareholders as at 30th September, 2003 was Rs.427,000/-. There was no unclaimed deposits as well as overdue interest and deposit as on that date except unclaimed deposits of Rs.242,000/- which were 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 Company Presents in its Annual Report, the Consolidated Financial Statements of its subsidiary companies viz. Rugby Food and Beverages Limited, Polar Finance Limited, Thackers Holdings Limited and Jai Thackers Land Development Limited. In view of it, the Department of company Affairs has vide its order no.47/94/2003-CL-III dated 29th September, 2003 has exempted the Company from giving particulars which are required to be attached to the Company's accounts pursuant to the provisions of section 212 (1) of the Companies Act, 1956 in respect of its said 4 subsidiary companies for the year ended 30th September, 2003.

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:

The period of appointments of Mr. Mahendra R. Thacker as Managing Director and Mrs. Darshana M. Thacker as Executive Director has expired on 30th September, 2003. The Board has, subject to the approval of the Central Government, re-appointed Mr. Mahendra R. Thacker as

Hotel Rugby Limited



13th Annual Report

Managing Director and Mrs. Darshana M. Thacker as Executive Director for a period of 5 years with effect from 1st October, 2003 on the terms and condition contained in the notice convening the 13th Annual General Meeting of the Company. The Board recommends their re-appointment to be considered at the Meeting.

During the year under review Mr. V. P. Shah was appointed as an additional Director with effect from 1st September, 2003. Mr. V. P. Shah is a Company Secretary. His services will be very much useful to the Company. The Company has received notice from member along with requisite deposit proposing the candidature of Mr. V. P. Shah as a Director of the Company. The Board recommends the appointment of Mr. V. P. Shah as a Director of the Company.

In accordance with Companies Act, 1956 and the Articles of Association of the Company Mr. Mihir Thacker retires by rotation and being eligible offers himself for re-appointment.

The information to be provided for the abovementioned directors 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. 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, 2003 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 a part of this report along with 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:

	2002-2003	2001-2002
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

Mr. Mahendra Thacker
Managing Director

Mumbai : 13th May, 2004.

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To
The Members of
HOTEL RUGBY LIMITED.
6, Stadium House
V.N.Road, Churchgate
Mumbai - 400 020.

We have examined the compliance of conditions of corporate governance by Hotel Rugby Limited, for the year ended on 30.09.2003 as stipulated in clause 49 of the listing Agreement of the said company with stock exchange(s).

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee & information & explanations given to us.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **R.KABRA & CO.**
Chartered Accountants

R. L. KABRA
Partner

MUMBAI : 13th May, 2004



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

During the year, V.P.Shah was appointed as an additional director with effect from 1ST September, 2003

Name of the Director	Executive, Non-executive, Independent	No. of Other Directorships	
		Pvt	Public
Mr. Mahendra R. Thacker	Managing Director, Executive	1	4
Mrs. Darshana M. Thacker	Executive Director, Executive	0	4
Mr. Ashok M. Kadakia	Non-executive, Independent	3	7
Mr. V. P. Shah	Non-executive, Independent	0	1
Ms. Thangam Philip	Non-executive, Independent	0	5
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:

31-10-2002, 31-01-2003, 30-04-2003, 29-05-2003, 31-07-2003, 19-09-2003.

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.