

HOTEL RUGBY LIMITED



HOTEL & RESORTS

14th Annual Report
2003 - 2004

Hotel Rugby Limited**14th Annual Report****BOARD OF DIRECTORS :**

Shri. Mahendra R. Thacker	Managing Director
Smt. Darshana M. Thacker	Executive Director
Shri. Ashok M. Kadakia	Director
Shri. V. P. Shah	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. : 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.

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Hotel Rugby Limited**14th Annual Report****Notice**

NOTICE IS HEREBY GIVEN THAT THE 14TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON WEDNESDAY, 30TH MARCH, 2005 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 on 30th September, 2004 and Profit and Loss Account for the year ended 30th September, 2004 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. **Ashok Kadakia** 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.

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 29.03.2005 to 30.03.2005 (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.

By order of the Board
For HOTEL RUGBY LIMITED
MAHENDRA THACKER
Managing Director

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.

Register Office : 6, Stadium House,
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Churchgate, Mumbai - 400 020.

Mumbai : 21st Feb, 2005.

Mumbai : 21st Feb, 2005.

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Directors' Report

Yours Directors have pleasure in presenting this 14th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2004.

FINANCIAL RESULTS:

The figures of the current accounting year are summarised below.

	For the year ended 30.09.2004 (Rs. in Lacs)	For the year ended 30.09.2003 (Rs. in Lacs)
Sales and Other Income	472.23	463.21
Profit Before Interest, Tax and Depreciation	17.55	7.46
Interest	35.83	85.09
Depreciation	45.69	45.43
Profit/(Loss) Before Tax	(63.97)	(123.06)
Provision for Taxation		
- Current Tax	NIL	NIL
- Deferred Tax	80.15	(26.31)
Net Profit/(Loss) After Tax	(144.12)	(96.75)
Excess Provision for Tax for Earlier Year	3.76	0.95
Profit Brought Forward	633.01	728.81
Profit Available For Appropriation	492.65	633.01
APPROPRIATIONS:		
Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	492.65	633.01
	492.65	633.01

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.472.23 Lacs. Both Matheran Hotel and catering division are performing well and contributing to the revenue of the Company. During the year the company has obtained new catering contract of NCPA. The new contract is contributing considerably to the revenue of the company.

FINANCE:

The company is negotiating with Banks for restructuring/reshedulement of Term Loans and has successfully negotiated with one of the banks recently. The company is very hopeful of negotiating with other banks shortly.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your company form public, shareholders as at 30th September, 2004 was Rs.1,30,000/-. There was no unclaimed deposits as well as overdue interest and deposit as on that date except unclaimed deposits of Rs.90,000/- 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.47/172/2004 -CL-III dated 29th September, 2004 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, 2004.

EMPLOYEES:

Your Company's human resources have been playing 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**14th Annual Report****DIRECTORS:**

In accordance with Companies Act, 1956 and the Articles of Association of the Company Mr. Ashok Kadakia 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, 2004 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:

	2003-2004	2002-2003
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 : 21st Feb, 2005.

**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 30.09.2004 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: 21st Feb, 2005



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, 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.

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:

22-10-2003, 30-01-2004, 30-04-2004, 13-05-2004, 28-07-2004.

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.

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(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. 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. V. P. Shah	None	None	5	No
Ms. Thangam Philip	None	None	0	No
Mr. Mihir Thacker	Son of Mr. Mahendra & Mrs. Darshana Thacker	Promoter's Family	1	No

(d) Remuneration of Directors

Details of remuneration paid to Directors for the year ended 30th September, 2004 are as follows:

Name of the Director	Loans & Advances from the Company.	Sitting Fees Rs.	Salary & perquisites Rs.	Commission Rs.	Total Rs.
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	1,250	Nil	Nil	1,250
Mr. V. P. Shah	Nil	1,250	Nil	Nil	1,250
Ms. Thangam Philip	Nil	Nil	Nil	Nil	Nil
Mr. Mihir Thacker	Nil	250	Nil	Nil	250

3. Audit Committee

- (i) The audit committee was reconstituted in the meeting of the Board of Directors held on 30th October, 2004. Mr Mihir Thacker resigned as a member of the audit committee. The Reconstituted committee is as follows :-

Name	Designation	Non-executive / Independent
Mr. Ashok M. Kadakia	Chairman	Independent
Ms. Thangam Philip	Member	Independent
Mr. V. P. Shah	Member	Independent

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

Date of Meeting	No. of Members	Attendance
30-01-2004	3	2
30-04-2004	3	2
13-05-2004	3	2

Besides this, another meeting of the Audit Committee was held on 21st Feb, 2005, at which the audited accounts for the year ended 30th September, 2004 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 Board has in its meeting held on 30th October, 2004. Reconstituted Remuneration Committee as Mr. Mihir M. Thacker has resigned from membership. The reconstituted Committee is as follows.

Name of the Director	Designation	Non-executive / Independent
Mr. Ashok M. Kadakia	Chairman	Independent
Ms. Thangam Philip	Member	Independent
Mr. V. P. Shah	Member	Independent

During the year the Remuneration Committee held two meeting. All the members of the Remuneration Committee attending the meeting.

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. Manager 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 2003 as per the resolution passed as the Annual General Meeting of the Company.

5. Investors Grievance Committee

(i) Investors Grievances Committee 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 - 30

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

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

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6. General Body Meeting

Annual General Meeting (AGM)	Date	Time	Venue	Special Resolution passed
11th AGM	20th March, 2002	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg Mumbai- 400001.	NIL
12th AGM	30th June, 2003	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg , Mumbai- 400001.	NIL
13th AGM	25th June, 2004	10.30 a.m.	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K Dubhash Marg , Mumbai- 400001.	1.Reappointment of Mr.Mahendra Thacker as Managing Director. 2.Reappointment of Mrs.Darshana Thacker as Executive Director.

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 2003-04 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

In our country industrial sector is gradually coming out of recession. The hotel and Tourism Industry is not an exception to it. This is resulting into increase in spending power business and leisure travel as far as domestic travel is concerned. Further no. of foreign tourists is also increasing. The effects of this have been actually seen during the next year.

(b) Financial & Operational Performance

Even during the volatile situation the Company has achieved turnover of Rs.472.23 Lacs. However due to increase in operational cost and heavy interest cost burden the Company could not achieve the expected profitability. Hotel as well as two divisions also performed well. During the year under revenue the company has obtained new catering contract of NCPA. The new contract is contributing considerably to the revenue of the company.