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HOTEL RUGBY LIMITED

RUGBY

HOTEL & RESORTS

16th Annual Report
2005-2006

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BOARD OF DIRECTORS :

Shri Mahendra R. thacker	Managing Director
Shri Darshana M. Thacker	Executive Director
Shri Ashok M. Kadakia	Director
Shri V. P. Shah	Director
Shri Jitendra C. Shah	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. : 2282 1721
Fax : 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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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 16TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON SATURDAY, THE 31st March 2007 AT 3.30 PM AT INDIAN MERCHANT CHAMBER, LNM IMC BLDG., P.B. 11211, CHURCHGATE, MUMBAI - 400020. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 30th September, 2006 and Profit and Loss Account for the year ended 30th September, 2006 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.

By Order of the Board
For HOTEL RUGBY LIMITED

MAHENDRA R. THACKER
Managing Director

Register office : 6, Stadium House,
81/83, Veer Nariman Road,
Churchgate, Mumbai – 400020.

Place : Mumbai
Date. : 28th February ,2007

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 30-03-2007 to 31-03-2007 (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 R. THACKER
Managing Director

Register office : 6, Stadium House,
81/83, Veer Nariman Road,
Churchgate, Mumbai – 400020.

Place : Mumbai
Date. : 28th February ,2007

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DIRECTORS' REPORT

Your Directors hereby present the 16th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2006.

FINANCIAL RESULTS:

The figures of the current accounting year are summarised below:

	For the Year ended 30.09.2006 (Rs.in Lacs)	For the Year ended 30.09.2005 (Rs.in Lacs)
Sales and Other Income	450.95	559.55
Profit Before Interest, Tax And Depreciation	(84.33)	17.76
Interest	35.42	79.29
Depreciation	58.61	47.33
Profit / (Loss) Before Tax	(178.36)	(108.86)
Less :- Exceptional Item		
(I) Provision for Doubtful Loan & Adv. Including Caution Money Deposit	NIL	1,183.67
(ii)Investment written off	0.0004	121.52
(iiv)Provision for Doubtful S.Deposit	NIL	175.00
(v)Provision for diminution in value of Investment.	NIL	1,372.84
(Vi)Impairment Loss of Current year	95.00	237.50
Add :- Interest Written back as per Settlement with one bank.	NIL	5.54
Less:- Provision for Taxation		
- Fringe Benefit Tax	0.74	00.57
- Current Tax	NIL	NIL
- Deferred Tax	24.56	57.19
Net Profit / (Loss) After Tax	(298.65)	(3,251.61)
Excess Provision for Tax for Earlier Year	NIL	(0.37)
Short Provision for Income Tax earlier year	0.85	NIL
Profit/Loss Brought Forward	(4,207.52)	492.65
Less :- Impairment loss as on 01.10.2004	**NIL**	**1,448.20**
Profit available for Appropriation	**(4,507.03)**	**(4,207.52)**

APPROPRIATIONS:

Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried To Balance Sheet	(4,507.03)	(4,207.52)

DIVIDEND :

In view of 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, the Hotel at Matheran has been closed since February 2006. The assets of the Company have been taken over possession by the lending Bankers in view of the default in repayment of loan taken for the project. The Company has submitted application for One Time Settlement and for revival scheme to the Consortium Banks led by The Kalyan Janata Sahakari Bank Ltd.

The Company cease to operate the Sweets and Catering business with effect from 01st August, 2006, in view of the expiry of agreements for conducting business with M/s. Naivedhyam and M/s. Thacker Caterers. With this, the Company has not operated any of its business activities.

The Board is considering various options for revival of business, either for Joint Venture or strategic partnership with suitable partner in the business of the Company.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your Company from public, shareholders as at 30th September 2006 was Rs.193,500/-.

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 & Co.

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Chartered Accountants, Mumbai being eligible, have 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.47/266/2005-CL-III dated 07th October, 2005 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, 2005.The current year exemption is applied for & approval is awaited & Pending approval, the company has not stand of last year by not giving particulars pursuant to sec. 212(1) of the companies,Act 1956.

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 the 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 Mr. Mihir Thacker retires by rotation and being eligible offers himself for re-appointment.

The information to be provided for the abovementioned director 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 and non provision for diminution in value of investment in subsidiary companies respectively.

(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, 2006 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:

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 equipments 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 :

	2005-2006	2004-2005
Foreign Exchange Earnings	Rs.NIL	Rs.NIL
Foreign Exchange Outgo	Rs.NIL	Rs.NIL

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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 Central ands 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

Date : 28th February, 2007
Place : Mumbai
Regd.Office: 6, Stadium House,
Veer Nariman Road, Mumbai - 400 020

Mr. Ashok Kadakia,
Director

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AUDITORS REPORT ON CORPORATE GOVERNANCE

To,
The Members of
HOTEL RUGBY LTD.
6, Stadium House,
V. N. Road, Churchgate,
Mumbai – 400020.

We have examined the compliance of conditions of corporate governance by Hotel Rugby Limited for the year ended 30.9.2006 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 explanation 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 of effectiveness with which the management has conducted the affairs of the company.

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

R. L. KABRA
Partner

MUMBAI DATED : 28TH February, 2007

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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 transperancy 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 Private	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
Mr. Mihir Thacker	Non-executive	1	4
Mr. Jitendra Shah	Non-executive, Independent	0	1

NOTES :

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 six times during the year on the following dates viz. 29.10.2005, 30.12.2005, 31.01.2006, 03.03.2006, 28.04.2006 & 28.07.2006.

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	6	Yes
Mrs. Darshana M. Thacker	Wife of Mr. Mahendra Thacker & Mother of Mr. Mihir Thacker	Promoter's Family	6	Yes
Mr. Ashok M. Kadakia	None	None	6	Yes
Mr. V. P. Shah None	None	None	6	No
Mr. Mihir Thacker	Son of Mr. Mahendra & Mrs. Darshana Thacker	Promoter's Family	0	No
Mr. Jitendra Shah	None	None	6	Yes

(d) Remuneration of Directors

Details of remuneration paid to Directors for the year ended 30th September, 2006 are as follows:

Name of the Director	Loans & Advances from the Company	Sitting Fees	Salary & perquisites	Commission	Total
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	3,000	Nil	Nil	3,000
Mr. V. P. Shah	Nil	3,000	Nil	Nil	3,000
Mr. Mihir Thacker	Nil	Nil	Nil	Nil	Nil
Mr. Jitendra C. Shah	Nil	3,000	Nil	Nil	3,000

3. Audit Committee

(i) The audit committee is consisting of following Directors

Name	Designation	Non-executive / Independent
Mr. Ashok M. Kadakia	Chairman	Independent
Mr. Mihir Thacker	Member	Non Executive
M. V. P. Shah	Member	Independent

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(ii) During the year under review four meetings were held on 28.10.2005, 29.12.2005, 02.03.2006 & 27.04.2006. Except Mr. Mihir Thacker, other members have attended the meeting.

Besides this, another meeting of the Audit Committee was held on 02.03.2006 at which the audited account for the year ended 30th September, 2006 were placed before the Committee for consideration. Two members of the Audit Committee attended the meeting.

Role of Audit Committee

The Role of Audit Committee shall include the following:

1. Oversight of the company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board. The appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statement before submission to the board for approval. With particular reference to :
   a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in term of Clause (2AA) of section 217 of the Companies Act, 1956
   b) Changes, if any, in accounting policies and practices and reasons for the same
   c) Major accounting entries involving estimates based on the exercise of judgment by management
   d) Significant adjustments made in the financial statement arising out of audit findings
   e) Compliance with listing and other legal requirements relating to financial statements
   f) Disclosure of any related party audit report.
   g) Qualification in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing. With the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function. if any, 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in repayment to the depositors, debenture holders, shareholders) in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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