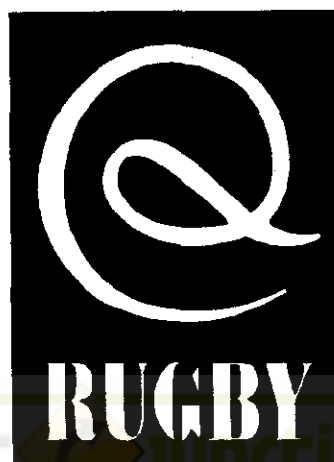


HOTEL RUGBY LIMITED



HOTEL & RESORTS

9th Annual Report
1998-99

Hotel Rugby Limited**9th Annual Report****BOARD OF DIRECTORS:**

Mr. Chandrasinh H. Mirani	Chairman
Mr. Mahendra R. Thacker	Managing Director
Mrs. Darshana M. Thacker	Executive Director
Mr. Ashok M. Kadakia	Director
Mr. Dillip J. Thakkar	Director
Mr. Dharmasinh M. Popat	Director
Ms. Thangam Phillip	Director
Mr. Mihir Thacker	Director

AUDITORS:

R. Kabra & Co.
Chartered Accountants

SOLICITORS:

Law Charter

BANKERS:

Union Bank of India
Dena Bank
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.: (02148)30291/292

REGISTRARS & SHARE TRANSFER AGENTS:

M/s. Intime Spectrum Registry Private Limited
260, Shanti Industrial Estate
Sarojini Naidu Road,
Mulund (West), Mumbai - 400 080.
Tel. No.: 568 4590/4591
Fax No.: 567 2693

Hotel Rugby Limited**9th Annual Report****Notice**

NOTICE IS HEREBY GIVEN THAT THE 9TH ANNUAL GENERAL MEETING OF HOTEL RUGBY LIMITED WILL BE HELD AT M. C. GHIA HALL, 2ND FLOOR, BHOGILAL HARGOVINDAS BUILDING, 18/20, K. DUBHASH MARG, MUMBAI - 400 001 ON WEDNESDAY, THE 29TH MARCH, 2000 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 1999 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. M. Popat who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Thangam Philip who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that consent of the Company be and is hereby accorded for the appointment of M/s. Intime Spectrum Registry Private Limited having its registered office at Shree Ganesh Industrial House, "B" Wing, 1st Floor, Near Amar Cinema, W. T. Patil Marg, Chembur, Mumbai 400 071 as Registrars and Share Transfer Agents.

RESOLVED FURTHER that the consent of the Members of the Company be and is hereby given, under Section 163(1) of the Companies Act, 1956, to keep w.e.f. April 1, 2000, the various records, the Register of Members, the Index of Members, Returns, Copies of Certificates and Documents etc. connected with the Secretarial Department at the Administrative Office of the Registrars and Share Transfer Agents of the Company M/s. Intime Spectrum Registry Private Limited, at 260, Shanti

Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080, so long as they act as the Company's Registrars and Share Transfer Agents".

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

Mumbai: 17th February, 2000

Registered Office:

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

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 Share Transfer Books of the Company will remain closed from 27th March, 2000 to 29th March, 2000 (both days inclusive).
3. Members are requested to intimate any change in their address to the Company's Share Transfer Agents M/s. Intime Spectrum Registry Private Limited, 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai - 400 080, at the earliest quoting their Folio Numbers.
4. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 7 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 their copy of Annual Report sent to them.
6. Explanatory Statement Pursuant to Section 173 of Companies Act, 1956 in respect of Special Business under item No. 5, of the Notice is annexed hereto.

Hotel Rugby Limited**9th Annual Report****ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5 of the Notice**

In view of takeover of Registrarship and Share Transfer Agent business activities of M/s. Consolidated Share Services Private Limited, Shanti Nagar Cross Road "A", Near MIDC Bus Depot, MIDC, Andheri (East), Mumbai 400 093 by M/s. Intime Spectrum Registry Private Limited having its registered office at Shree Ganesh Industrial House, "B" Wing, 1st Floor, Near Amar Cinema, W. T. Patil Marg, Chembur, Mumbai 400 071, the approval of the Members of the Company is required for keeping the Register of Members, the Index of Members, Returns under Section 159 together with the copies of Certificates and Documents required to be annexed thereto under Section 161 at any place other than the Registered Office of the Company w.e.f. 1st April, 2000. This approval is required under Section 163 of the Companies Act, 1956 to keep these records at 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080. The new Registrars and Share Transfer Agents is classified as category I Registrars and Share Transfer Agents by SEBI. They have good infrastructure facilities. The new Registrars and Share Transfer Agents is having offices at the following places:

(i) Registered Office:

Shree Ganesh Industrial House,
"B" Wing, 1st Floor, Near Amar Cinema,
W. T. Patil Marg, Chembur, Mumbai 400 071.

- (ii) Operational Centre,
260, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (West), Mumbai - 400 080.
- (iii) Additional Centre to receive documents
203, Daver House, 2nd Floor
197/199, Dr. D. N. Road
Mumbai - 400 001.

All postal communication should be addressed to Mulund Office. However, shareholders can handover/collect documents from any of the three offices of the proposed Registrars and Share Transfer Agents in addition to handing over and collection from the Registered Office of the Company. The availability of three offices for handing over/collection will benefit the Members.

None of the Directors are deemed to be concerned or interested in the proposed resolution.

Directors recommend the resolution under item No. 5 for acceptance by the Members.

By Order of the Board
For HOTEL RUGBY LIMITED

MAHENDRA THACKER
Managing Director

Mumbai: 17th February, 2000

Hotel Rugby Limited**9th Annual Report****Directors' Report**

Your Directors have pleasure in presenting this 9th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 1999.

FINANCIAL RESULTS:

The figures of the current financial results are summarised below.

	For the year ended 30-09-1999 (Rs. in Lacs)	For the year ended 30-09-1998 (Rs. in Lacs)
Sales and Other Income	558.12	555.55
Gross Profit Before Interest, Depreciation and Tax	121.31	69.48
Interest	13.27	12.43
Depreciation	24.16	20.41
Profit Before Tax	83.88	36.64
Provision For Taxation	3.50	17.50
Net Profit After Tax	80.38	19.14
Excess Provision For Tax For Earlier Years Written Back	6.48	NIL
Profit Brought Forward	612.92	593.78
Profit Available For Appropriation	<u>699.78</u>	<u>612.92</u>

APPROPRIATIONS:

Transfer To General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried To Balance Sheet	<u>699.78</u>	<u>612.92</u>
	<u>699.78</u>	<u>612.92</u>

DIVIDEND:

In view of the inadequate profits during the year under review and with a view to conserve the resources to strengthen financial position of your Company for meeting expenditure on its expansion projects, your Directors are constrained not to recommend any dividend for the year under review.

OPERATIONS:

During the year under review your Company achieved turnover of Rs. 558.12 Lacs.

During August 1999 your Company has started two new sales outlets viz "Aladdin's" selling lebanese food and "Oriental Express" selling chinese and asean food

at Shopping Mall "Cross Roads", Haji Ali, Mumbai. Both the outlets are showing progressive growth and contributing to the revenue of your Company.

Hospitality industry is passing through a critical phase due to downward trend in economic activities in our country. In spite of these depressed economic conditions and sluggish markets your Company was able to maintain the turnover of previous year and improve the bottomline than previous year. However it is heartening to note that recent market trend and economic policy of the Government of India promises bright future for service industry.

PROJECT IMPLEMENTATION:**Renovation of Existing Hotel:**

The Company has renovated and upgraded the existing Hotel at Matheran by adding various facilities.

In order to provide better amenities your Company has renovated rooms including converting into Air-conditioned Rooms and improving interior as per customers' demand.

EXPANSION SCHEME:**Construction of New Hotel at Matheran:**

The Company has already commenced construction of a Time Share Resort at Matheran adjacent to the existing hotel. All rooms of the Resort will be of RCI Goldcrown Standard.

The Company has affiliated this Resort with RCI (Resort Condominium International) to allow the timeshare buyers to avail of exchange facilities in over 3000 resorts worldwide.

Entire Civil work in respect of this project is already completed and interior decoration of the rooms is in progress. The commercial operation of the first phase is expected to be started by June 2000.

PUBLIC DEPOSITS:

The amount of outstanding deposits accepted by your Company from public, shareholders as at 30th September, 1999 was Rs. 9,174,197/-. There were no unclaimed deposits as well as overdue interest and deposits as on that date.

OBSERVATIONS IN THE AUDITORS REPORT:

The observations made by the Auditors' in their Audit

Hotel Rugby Limited**9th Annual Report**

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., Chartered Accountants, Mumbai, being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANIES:

The Audited Accounts together with the Reports of the Directors and the Auditors of the Company's subsidiaries, namely, Rugby Food and Beverages Limited, Polar Finance Limited, Jai Thackers Land Development Limited and Thackers Holdings Limited are attached alongwith the statement under Section 212 of the Companies Act, 1956.

PERSONNEL:

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 your Company was in receipt of remuneration in excess of the limits specified by provisions of Section 217 (2A) of the Companies Act, 1956, wheather employed for the full year or part of the year.

DIRECTORS:

In accordance with the Companies Act, 1956 and the Company's Articles of Association two of your Directors namely Mr. D. M. Popat and Ms. Thangam Philip retire by rotation and, being eligible, offer themselves for re-appointment.

Y2K COMPLIANCE:

All the operations requiring changes to be made for Y2K Compliance have been modified. All the hardware and software being used is Y2K Compliant.

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

Energy Conversation has remained an area of high 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. Close monitoring of power consumption helped in minimising wastages and resulted in optimum utilisation of energy.

Your Company has installed Solar Water Heating System at its Matheran Resort to save on energy consumption.

(B) Technology Absorption:

The activities of the Company do not involve any technology absorption or expenditure on Research and Developemt.

(C) Foreign Exchange Earnings and Outgo:

	<u>1998-99</u>	<u>1997-98</u>
Foreign Exchange Earnings:	Rs. NIL	Rs. NIL
Foreign Exchange Outgo:	Rs. NIL	Rs. NIL

APPRECIATION:

Your Directors wish to place on record their appreciation of whole hearted 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 co-operation in procedural matters.

Your Directors also wish to thank all the employees of the Company for their continued support and co-operation.

For and on behalf of the Board

C. H. MIRANI
Chairman

Mumbai : 17th February, 2000

Hotel Rugby Limited**9th Annual Report****Auditors' Report**

TO THE MEMBERS
OF HOTEL RUGBY LIMITED

We have audited the attached Balance Sheet of **HOTEL RUGBY LIMITED** as at **30th September, 1999** together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we annex a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - (d) In our opinion, except for gratuity liability which is accounted on payment basis which is not in accordance with Accounting Standard 9 and Accounting Standard 13

issued by The Institute of Chartered Accountants of India, the profit and loss account and the balance sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Note No. 1(f) regarding non-provision of gratuity liability, Note No. 3 regarding non-provision for erosion in investment value of shares of subsidiary companies and other companies and diminution in value of balance due from subsidiary, note under Schedule 1 for Share Capital, Schedule 5 for Fixed Assets and Schedule 6 for Investments give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in case of the Balance Sheet, of the state of affairs of the company as at 30th September, 1999;
 - (ii) in case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For R. KABRA & CO.
Chartered Accountants

R. L. KABRA
Partner

Mumbai : 17th February, 2000

Hotel Rugby Limited**9th Annual Report****ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF M/S. HOTEL RUGBY LIMITED FOR THE YEAR ENDED 30TH SEPTEMBER, 1999**

On the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we state as under:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets. These assets have been physically verified by the management during the year. Discrepancies noticed on such verifications were not significant and the same have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. The management has conducted physical verification of stores, operating supplies, food and beverages at reasonable intervals. In our opinion the frequency of verification is reasonable.
4. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material, having regard to the size of operations of the Company. However, the same have been properly dealt with in the books of account.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
7. The Company has taken unsecured loans from the companies, firms or other parties listed in the register maintained under Section 301 and/or from companies within the meaning of Section 370(1B) of the Companies Act, 1956, the terms and conditions of which are not *prima facie* prejudicial to the interest of the Company.
8. There is an interest free caution Money Deposit due from wholly owned subsidiary company and there are certain interest free deposits given as per commercial expediency pursuant to agreements. Except this, the Company has not given any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 and/or from the companies within the meaning of Section 370(1B) of the Companies Act, 1956.
9. The Company has given interest free loans and advances to its employees and other parties who are generally repaying the same as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of stores and raw-materials, plant and machinery, equipments and other assets and for the income from sale of goods and services etc.
11. During the year the Company has not purchased/sold stores, raw materials and components exceeding Rs. 50,000/- for each type thereof from subsidiaries, firms and companies or other parties in which directors are interested.
12. According to the information and explanations given to us, the Company has a system for determining unserviceable or damaged stores and operating supplies and necessary write-off action in the accounts has been affected to cover unserviceable items determined in the normal course of business.
13. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 for the deposits accepted from the public.
14. The Company has maintained reasonable records for the sale and disposal of realisable scrap and waste and there were no By-Products.
15. According to the information and explanations given to us, the Company has an internal audit system, the scope of which, in our opinion,

Hotel Rugby Limited**9th Annual Report**

requires to be enlarged so as to be commensurate with the size of the Company and the nature of its business.

16. To the best of our knowledge, and as explained to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of any of the activities of the Company.
17. As per explanations given to us, there is delay in depositing provident Fund dues with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 30th September, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been carried to revenue account other than those paid either under Company's contractual

obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with the size and nature of its business.
22. There is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and the allocation of the same to the operating departments. The system of internal control is, in our opinion, commensurate with the size of the Company and the nature of its business.

For R. KABRA & CO.
Chartered Accountants

R. L. KABRA
Partner

Mumbai : 17th February, 2000

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Hotel Rugby Limited**9th Annual Report****Balance Sheet as at 30th September, 1999**

	Schedule No.	As at 30-09-1999 Rupees	As at 30-09-1998 Rupees
I. SOURCES OF FUNDS			
Shareholders' Funds:			
Share capital	1	147,791,000	147,790,000
Reserves and surplus	2	284,763,957	278,217,461
Loan Funds:			
Secured Loans	3	77,658,482	43,947,624
Unsecured Loans	4	23,870,197	19,605,197
Others:			
Advance Subscription Towards			
Time Share Sale		5,894,584	1,516,808
Deposits From Time Shareholders		679,500	679,500
		<u>540,657,720</u>	<u>491,756,590</u>
II. APPLICATION OF FUNDS			
Fixed Assets:	5		
Gross Block		151,732,300	117,884,552
Less : Depreciation		<u>30,767,601</u>	<u>26,210,414</u>
Net Block		120,964,699	91,674,138
Capital Work-in-Progress		<u>103,817,473</u>	<u>86,948,204</u>
		224,782,172	178,622,342
Investments	6	164,499,370	154,899,870
Current Assets, Loans and Advances:			
Inventories	7	1,350,951	1,093,893
Sundry Debtors	8	9,530,256	3,525,995
Cash and Bank Balances	9	8,936,078	7,590,772
Loans and Advances	10	<u>151,600,401</u>	<u>162,135,752</u>
		171,417,686	174,346,412
Less: Current Liabilities and Provisions:			
Current Liabilities	11	<u>20,043,019</u>	<u>16,115,055</u>
		20,043,019	16,115,055
Net Current Assets		<u>151,374,667</u>	<u>158,231,357</u>
Miscellaneous Expenditure	12	1,511	3,021
(To the extent not written off or adjusted)			
		<u>540,657,720</u>	<u>491,756,590</u>
Notes on Accounts	17		

Per our report attached

For **R. KABRA & CO.**
Chartered Accountants**R. L. Kabra**
Partner

Mumbai : 17th February, 2000

For and on behalf of the Board

Mr. C. H. Mirani
Mr. M. R. Thacker
Mrs. D. M. Thacker
Mr. A. M. Kadakia
Mr. M. M. ThackerChairman
Managing Director
Executive Director
Director
Director