

# **HOTEL RUGBY LIMITED**



**HOTEL & RESORTS**

**15 th Annual Report**  
***2004 - 2005***

**Hotel Rugby Limited****15th Annual Report****BOARD OF DIRECTORS :**

<b>Shri. Mahendra R. Thacker</b>	Managing Director
<b>Smt. Darshana M. Thacker</b>	Executive Director
<b>Shri. Ashok M. Kadakia</b>	Director
<b>Shri. V. P. Shah</b>	Director
<b>Shri. Jitendra C. Shah</b>	Director
<b>Shri. Mihir Thacker</b>	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****15th Annual Report****Notice**

**NOTICE IS HEREBY GIVEN THAT THE 15<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF HOTEL RUGBY LIMITED WILL BE HELD ON WEDNESDAY, 29<sup>TH</sup> MARCH, 2006 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, 2005 and Profit and Loss Account for the year ended 30th September, 2005 and Report of Auditors and Directors thereon.
2. To appoint a Director in place of **Mr. Vandravan P. Shah** 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 thought fit, to pass with or without modification the following resolution as an ordinary resolution

"RESOLVED THAT Mr. Jitendra Champaklal Shah, who was appointed as an additional Director of the Company pursuant to the provision of the section 260 of the companies Act, 1956 with effect from 26th December, 2005 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."

**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 : 3rd March, 2006.

**EXPLANATORY STATEMENT U/S 173/2 OF THE COMPANIES ACT, 1956 RESPECT OF THE SPECIAL BUSINESS:****ITEM NO.4**

Mr. Jitendra C. Shah was appointed as an additional Director of the company with effect from 26th December, 2005. His term as Director expires at the forthcoming Annual General Meeting. The Board has received individual notice alongwith the prescribed deposit as required under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Jitendra C. Shah for the Director.

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

**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 27.03.2006 to 29.03.2006 (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*

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

Mumbai : 3rd March, 2006.

## Hotel Rugby Limited



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## Directors' Report

Yours Directors have felt that accounts earlier adopted by them for the year ending 30-09-2005 in their meeting held on 30th Dec, 2005 need to be amended before circulation to shareholders for the reason explained in due notes to accounts and accordingly it has adopted the amended accounts and are pleased in presenting this 15th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2005.

## FINANCIAL RESULTS:

The figures of the current accounting year are summarised below.

	For the year ended 30.09.2005 (Rs. in Lacs)	For the year ended 30.09.2004 (Rs. in Lacs)
Sales and Other Income	559.55	472.23
Profit Before Interest, Tax and Depreciation	17.76	17.55
Interest	79.29	35.83
Depreciation	47.33	45.69
Profit/(Loss) Before Tax	(108.86)	(63.97)
Less: Exceptional Item		
(i) Provision for Doubtful Loans & Adv. Including Caution Money Deposit	1,183.67	NIL
(ii) Investment written off	121.52	NIL
(iii) Provision for Doubtful S. Deposit	175.00	NIL
(iv) Provision for Dimunation in value of Investment	1,372.84	NIL
(v) Impairment Loss of Current year	237.50	NIL
Add: Interest written back as per settlement wit one Bank	5.54	NIL
Less: Provision for Taxation		
- Fringe Benefit Tax	00.57	NIL
- Current Tax	NIL	NIL
- Deferred Tax	57.19	80.15
Net Profit/(Loss) After Tax	(3,251.61)	(144.12)
Excess Provision for Tax for Earlier Year	(0.37)	3.76
Profit Brought Forward	492.65	633.01
Less: Impairment Loss as on 01.10.2004	1,448.20	NIL
Profit Available For Appropriation	(4,207.52)	492.65

## APPROPRIATIONS:

Transfer to General Reserve	NIL	NIL
Proposed Dividend	NIL	NIL
Balance Carried to Balance Sheet	(4,207.52)	492.65
	(4,207.52)	492.65

## 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.559.55 Lacs. The current operations are satisfactory and both Matheran Hotel and catering division are performing well and contributing to the revenue of the Company. The new contract of NCPA is contributing considerably to the revenue of the company.

## FINANCE:

The Company has impaired Capital work In progress by Rs.14.63 crore as on 01.10.2004 in accordance with the AS-28 issued by the ICAI, based on the independent valuation report. Similarly interest of Rs.237.50 lacs was impaired during the year to match the fair value assessed by valuers. During the year, the company has writtern of investment of Rs.1.21 cr. as the company is not hopeful of recovery. The company has also made provision of Rs.30.88 cr. for doubtful security deposit and doubtful loans & advances for caution money deposits, investment, considering their doubtful nature of recovery.

The company is negotiating with Banks for restructuring/ reshedulement of Term Loans and has already sucessfully negotiated with one of the banks. Though since close of the year, the other Banks with whom OTS settlement is pending have taken drastic steps with possession of property under SARFAESI Act, which in turn has been given back as caretakers, the company is hopeful of O.T.S (One Time Settlement) with these banks. The Company's certain movable properties including Bank accounts were attached by the official receiver due to default in repayment of loans taken from consortium banks led by The Kalyan Janta Sahakari Bank Ltd. vide its order dated 07.12.2005. The company is taking ncessary steps to rope in foreign investor and settle dues with the banks on mutually agreed O.T.S. terms, which are under attachment.

## REFERENCE TO BIFR:

The company has made reference to BIFR and have

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been registered accordingly.

### **PUBLIC DEPOSITS:**

The amount of outstanding deposits accepted by your company form public, shareholders as at 30th September, 2005 was Rs.193,500/-.

### **OBSERVATIONS IN THE AUDITORS REPORT:**

The Director comment on the observations made by the Auditors in their Audit Report is as follows.

#### **1. Note No.1(g) Of the auditor's report regarding non-provision of Gratuity Liability**

The Company is in process of making actuarial valuation of the liability, which will be provided in next accounting year.

#### **2. Note No. 18(a) regarding attachment of property by consortium bank and preparation of accounts on going concern concept.**

During the previous year the Company has successfully negotiated with one of the Bankers for restructuring of the term loan. Negotiations for OTS with the consortium & other banks are in progress with restructuring plans. In view of this the accounts have been prepared on going concern concept.

#### **3. Note under Schedule 6 for Investments regarding non verification**

The company is in the process of verification of investments.

#### **4. Note No. 1(a) of CARO Report regarding Compilation of Fixed Assets Register for Renovation/Expansion Project.**

The process of compilation is in progress and is expected to be completed during the current year.

#### **5. Note No.5 of the auditor's report regarding shortfall for future provision of depreciation on revalued block of fixed assets out of revaluation reserve.**

The said provision for depreciation on revalued block of fixed assets will be made out of future profits.

### **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.47/266/2005 -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.

### **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.

### **DIRECTORS:**

In accordance with Companies Act, 1956 and the Articles of Association of the Company Mr. Vandravan P. Shah 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 and 13 for gratuity liability which is accounted on payment basis. and non provision for diminution in value of investment is 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, 2005 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

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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.

For and on behalf of the board

**Mr. Mahendra Thacker**  
Managing Director

**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.

**Mr. Ashok Kadakia**  
Director

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Mumbai : 3rd March, 2006.

**(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:**

	2004-2005	2003-2004
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.

**Hotel Rugby Limited****15th Annual Report****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 30.09.2005 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:3rd March, 2006





## 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
Mr. Jitendra Shah**	Non-executive, Independent	0	0

\* Resigned w.e.f.18th June, 2005.

\*\* Appointed as additional director w.e.f.26th December, 2005.

### 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 five times during the year on the following dates:  
29-10-2004, 31-01-2005, 21-02-2005, 27-04-2005, 27-07-2005.

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	Business	Attendance	
	Directors	relationship with the Company	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	0	No
Mr. Jitendra. C. Shah**	None	None	0	No

\* Resigned w.e.f. 18th June, 2005.

\*\* Appointed as additional director w.e.f. 26th December, 2005.

#### (d) Remuneration of Directors

Details of remuneration paid to Directors for the year ended 30th September, 2005 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	NIL	Nil	Nil	NIL
Mr. Jitendra. C. Shah	Nil	NIL	Nil	Nil	NIL

#### 3. Audit Committee

- (i) The audit committee was reconstituted in the meeting of the Board of Directors held on 27th July, 2005. Ms. Thangam Philip resigned as a member of the audit committee. Mr. Mihir M. Thacker was appointed as new member of the audit committee the Reconstituted committee is as follows :-

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

- (ii) During the year under review five meetings of Audit Committee were held. The meeting on 21.02.2005 was held for approval of annual accounts.

Date of Meeting	No. of Members	Attendance
30-10 -2004	3	2
31-01-2005	3	2
21-02-2005	3	2
27-04-2005	3	2
27-07-2005	3	2



Meeting of the Audit Committee was held on 3rd March, 2006, at which the amended audited accounts for the year ended 30th September, 2005 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 Statment 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 judgement 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 finding 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.