



Capital Hotels AND Developers Limited

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CAPITAL HOTELS AND DEVELOPERS LIMITED

9th Annual Report and Accounts for the year ended 31st March, 1999

BOARD OF DIRECTORS

(as on 28th May, 1999)

Shri R.K.Mittal – *Chairman cum Managing Director*

Shri Subhash Chand Mittal

Smt. Radha Mittal

Shri M.P.Goel

Shri Devender Singh – *PICUP Nominee*

Shri Gaurav Mittal

Shri Manav Jain

REGISTERED OFFICE

Capital House

D-135, L.G.F., Anand Niketan

New Delhi – 110 021

HOTEL PROJECT

Plot No. 122, Village Tora

Fatehabad Road, Agra

BANQUET-CUM-RESTAURANT

Plot No. 19 – 20, G- Block

Community Centre

Vikas Puri, New Delhi – 110 018

AUDITORS

M/s Mohan & Mohan

Chartered Accountants

F-31, D.B.Gupta Market,

Karol Bagh, New Delhi – 110 005

BANKERS

Oriental Bank of Commerce

Union Bank of India

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Capital Hotels and Developers Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY OF CAPITAL HOTELS AND DEVELOPERS LIMITED WILL BE HELD AT CAPITAL BANQUET-CUM-RESTAURANT COMPLEX, Plot No. 19-20, Community Centre, Vikas Puri, New Delhi-110 018 on Wednesday, 22nd September, 1999 at 11.00 A.M. to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, the Profit & Loss Account on that date and the reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in the place of Smt. Radha Mittal, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration and to this effect pass the following as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 224(1) of the Companies Act, 1956 M/s Mohan & Mohan, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting at such remuneration as may be settled by the Board of Directors."

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to all requisite approvals, consents, permissions and sanctions, if any, as may be required from the Government of India, Banks, Financial Institutions and/or any other authority and subject to such terms and conditions and modifications as may be prescribed and imposed by any of them in granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall include any Committee which the Board of Directors may have constituted or may hereinafter constitute to exercise its powers including powers conferred by this resolution) the consent of the Company be and is hereby accorded to the Board to transfer, assign, sell and/or lease, mortgage and/or dispose in part or in full, its Hotel Division, more specifically, located at village Tora, Fatehabad Road, Agra (hereinafter referred to as the undertaking or any part of immovable/movable property(ies) of the said undertaking in favour of any body corporate, being a subsidiary or otherwise, financial institution(s), Bank(s) or any other person(s) or party(ies) at such consideration, in such manner at such time and on such other terms and conditions as the Board may in its absolute discretion deem fit.

FURTHER RESOLVED THAT the Board be and is hereby authorised to decide and finalise the terms and conditions including but not limited to the form, manner, timing of transfer as also the mode the extent of assigning/transferring of assets, liabilities, debts/obligations, capital work in progress, powers, rights, titles, leases, approvals, authorisation, permits, utilities, and other services as may be pertaining to the said undertaking, without the necessity of obtaining the consent of any third party to any contract or arrangement by virtue of which such debts, liabilities or obligations have arisen and to finalise, settle, execute and/or modify all necessary documents including agreements, deeds of assignment/lease/conveyance and to do all such acts, deeds, matters and things as may be incidental, consequential or as may be deemed necessary, expedient or desirable in its entire discretion to give effect to the foregoing resolution or to settle any question, doubt or difficulty that may arise with respect thereto".



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5. To consider, and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Memorandum and Articles of Association of the Company and subject to all requisite permissions, sanctions and approvals, as may be necessary or required, Shri R.K.Mittal be and is hereby appointed as Managing Director of the Company with effect from 1st June, 1999 for a period of 5 years at the remuneration, perquisites and other benefits and upon the terms and conditions set out hereunder:

- I. **Salary** of Rs. 25000 (Rupees Twenty five thousand only) per month in the scale of 25000- 5000-50000 as may be determined by the Board of Directors of the Company, from time to time within the overall ceiling prescribed under Schedule XIII to the Companies Act, 1956.
- II. **Perquisites** subject to the overall ceiling of the salary payable, as above, with initial ceiling of Rs. 25000 per month, as categorised below:-

Category A

- a) **Housing** including Gas, Electricity and water. Provided, however, that the expenditure incurred on hiring the unfurnished accommodation shall not exceed 60% of the Salary.
In the event, no accommodation is provided by the Company the Managing Director be paid House Rent Allowance subject to the above ceiling.
- b) **Medical reimbursement** of expenses actually incurred on self and family subject to a ceiling of one-month salary in a year or three months' salary over a period of three years.
- c) **Leave travel concession** for self and family in a year in accordance with Company rules.
- d) **Fees of clubs** subject to a maximum of two clubs, which shall not include admission or life membership fees.
- e) **Personal accident Insurance** with premium not exceeding Rs. 1000 per month.

Category B

- a) **Contribution towards Provident Fund** will not be considered or included for the computation of ceiling on perquisites to the extent the same is not taxable under the Income Tax Act, 1961.
- b) **Gratuity** in accordance with the rules of the Company as applicable to the senior executives of the Company but not exceeding one-half month's salary for each completed year of service.

Category C

- a) Provision of Car with driver shall not be considered as perquisite. Provided, however, that the use of car for personal purposes shall be billed by the Company.
- b) Provision of Telephone at residence shall not be considered as perquisite. Provided, however, that the personal long distance calls on Telephone shall be billed by the Company.

FURTHER RESOLVED THAT the said remuneration and the perquisites be paid/extended to Mr. R. K. Mittal, Managing Director as minimum remuneration in the event of there being loss or inadequacy of profits. Provided always, that the remuneration shall be within the overall limits as placed in Section II of part II of schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT the Managing Director shall not be liable to retire by rotation during the tenure as Managing Director and shall function under the superintendence, direction and control of the Board of Directors.

AND FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, expedient or desirable in their entire discretion to give effect to the foregoing resolution(s) or to settle any question, doubt or difficulty that may arise with respect thereto."



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6. To consider, and if thought fit, to pass with or without modification(s), the following as a **Special Resolution:**
 "RESOLVED THAT subject to all requisite permissions, sanctions and approvals as may be necessary or required from the Central Government any Department or body designated or constituted by the Central Government in this behalf, Securities and Exchange Board of India (SEBI), Stock Exchange(s) and other concerned authority(ies), the securities listed at Jaipur Stock Exchange Limited, Jaipur and Ludhiana Stock Exchange Association Limited, Ludhiana be delisted with immediate effect.
 FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, expedient or desirable in their entire discretion including making application(s) to the Jaipur Stock Exchange Limited, Jaipur and Ludhiana Stock Exchange Association Limited, Ludhiana or any other authority concerned to give effect to the foregoing resolution or to settle any question, doubt or difficulty that may arise with respect thereto."

Place: New Delhi
 Date : 28th May, 1999
 Regd. Office : D-135, Anand Niketan
 New Delhi-110021

By Order of the Board of Directors

R.K.Mittal
 Chairman cum Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) and vote instead of himself/hereself and the proxy(ies) need not be a member of the Company. Proxy(ies) in order to be effective must be signed, stamped and deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business set out at item Nos. 4 to 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday 16th September, 1999 to Wednesday 22nd September, 1999 (both days inclusive).
4. Members are requested to notify promptly any change in their address to the Company.
5. Members are requested to bring their copy of the Annual Report to the venue of the meeting.
6. Members desiring any information on Accounts of the Company are requested to write to the Company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.



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EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Members are aware that the Company is implementing a Project to construct a 5 Star Hotel at Fatehabad Road, Agra. Due to reasons set out in the Directors' report to the members, the project is delayed beyond the scheduled commissioning date. There is a gap in the funds required to complete the project and your Directors are exploring possibilities including bridging the said gap. To this end it is proposed to raise fresh loans and/or to induct fresh Equity in the project and negotiations are on with possible Lenders/joint venture partners.

Section 293(1) (a) of the Companies Act, 1956, provides that consent of shareholders is required in a general meeting to sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company. The resolution set out at item No. 5 of the Notice vests with the Board of Directors the requisite authority to negotiate the consideration and other terms and conditions at an appropriate time and in the best interests of the Company.

The Directors, therefore, recommend the passing of the resolution as set out at item No. 4 of the Notice.

None of the Directors may be deemed to be concerned or interested in passing of the said resolution.

Item No. 5

The Board of Directors at its meeting held on 28th May, 1999 have appointed Shri R.K. Mittal as the Managing Director of the Company for a period of 5 years with effect from 1st June, 1999, subject to the approval of the shareholders on the terms and conditions set out in the resolution.

Section 269 of the Companies Act, 1956 provides that each Company having a Paid up Capital not less than Rupees Five Crores shall have a Managing Director or a Wholetime Director. In addition Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 provide the disqualifications and limits on the remuneration payable to the Managing Director. In compliance with the provisions of the foregoing, the appointment is subject to the approval of the shareholders in a General Meeting.

Shri R.K. Mittal is a Graduate in Arts and Law and is promoter of the Company. He has rich and varied experience of over 19 years in the Construction and hospitality sectors. His contribution in the growth of the Company and in execution of various projects is immense. The Board of Directors are confident that the Company can benefit from the experience and abilities of Shri R.K. Mittal.

The terms and conditions set out in the proposed resolution may be treated as compliance of Section 302 of the Companies Act, 1956.

None of the Directors except Smt. Radha Mittal, Shri Gaurav Mittal and Shri S.C. Mittal, Directors of the Company, being related to Shri R.K. Mittal may be deemed to be concerned or interested in passing of the said resolution.



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Item No. 6

The Company had listed its scrips at the Jaipur Stock Exchange Limited, Jaipur and Ludhiana Stock Exchange Association Limited, Ludhiana with a intention to exhilarate trading of its securities but it has been observed that volume of business at the both the stock exchanges has dropped substantially. The Board deems it to be in the best interests of the Company and the Shareholders at large to delist its securities from both the Stock Exchanges.

The rules prescribed by Securities and Exchange Board of India make it mandatory, *inter alia*, to obtain approval of the shareholders in a General Meeting.

As the rules, regulations etc. for voluntary delisting of the securities have been made effective recently by some stock exchanges the resolution set out of at item No.6 of the Notice has been placed before the Shareholders afresh.

In view of the foregoing, the Directors recommend passing of the resolution as set out at Item No. 6 of the Notice.

None of the Directors may be deemed to be concerned or interested in passing of the said resolution.

Inspection of Documents

All documents mentioned here in may be inspected at the Registered Office of the Company on all working days between 10.00 A.M. and 1.00 P.M. till the date of the Annual General Meeting and on the date of Annual General Meeting at the venue.

Place: New Delhi
Date : 28th May, 1999
Regd. Office: D-135, LGF, Anand Niketan
New Delhi-110 021

By Order of the Board of Directors

R.K.Mittal
Chairman cum Managing Director



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DIRECTORS' REPORT

TO THE MEMBERS

The Directors of your Company have pleasure in presenting the Ninth Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

OPERATIONS AND FINANCIAL RESULTS

The turbulence of the preceding years continued to haunt the Indian economy and business environment in fiscal 1998-99 too. Though the overall growth rate of the GDP inched forward to 5.8%, it was largely made possible by growth in the agricultural production which was at 6.8%. The index of industrial production failed to record a reversal of the overall sluggish trend and ended with a dismal 3.8% growth compared to 6.6% in the preceding fiscal. Notably, this was the lowest annual growth witnessed since 1992-93. Though the growth in the sales of the corporate sector did show a marginal improvement at 11%, it was the bottomline which recorded a decline as against a positive growth in the preceding fiscal. As many as 25 industry groups recorded a decline in profit after Taxes or even increase in Losses.

Despite the sluggish conditions there was movement of inventory of your Company and led to growth of 25% in the Gross receipts, over the corresponding figure in the preceding year. However, mirroring the overall corporate environment the margins remained under pressure affecting the bottomline. A summarised financial performance of the Company is as under:

	1998-99	1997-98
	(Rs. in lacs)	
Gross receipts	395.03	316.03
Profit before Tax, Depreciation and Interest	40.56	37.14
Interest	18.82	17.72
Depreciation	9.53	7.54
Profit before Tax	12.21	11.88
Profit after Tax	10.00	10.63

DIVIDEND AND RESERVE

With a view to conserve the resource of the Company, the Directors regret their inability to declare dividend for the year under review. Accordingly, the surplus for the year of Rs. 10.00 lacs is being carried forward in the Profit & Loss Account.

ECONOMIC OUTLOOK

The months of April and May in the current fiscal have provided first signs of turnaround in the Industrial sector from the severe slowdown of 1998-99. Positive signals emanate from several sectors including major segments like Cement, Steel and automobiles. Other parameters too provide encouraging signals with revenue collections during the first two months of the current fiscal reflecting a robust growth. Indian metrological Department has forecast eleventh successive normal monsoon year. While the Directors report this with caution, since the figures are on a lower base recorded in 1998-99, they are optimistic that the economic growth will be sustained in the coming months and will lead to larger disposable corporate and domestic incomes.



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This recovery should lead to higher sales in the Restaurant and Construction divisions and improved margins.

PROJECTS

Mirroring and sluggishness in the economy the tourist arrivals in the country continue to record low rates of growth. This led to continued adverse preception of the lenders towards building fresh capacities. In this backdrop, the 5 Star hotel project that the Company is implementing at Agra could not be commissioned awaiting sanction of funds from prospective lenders. While your Company stands committed to implementation of the project, the Directors are in the process of exploring other alternatives including infusion of additional funds by bringing in joint-venture partner. Since these steps would involve transfer of the undertaking, requisite approvals are sought in the accompanying Notice.

Meanwhile, during the year under review, the Company successfully bid a commercial plot at Vasant Lok, New Delhi. The allotment process is yet to be completed due to pending litigation between the Lessor and an erstwhile allottee. While the Directors are hopeful of an early completion of allotment process in favour of the Company, avenues for its commercial exploitation are being explored.

DIRECTORS

In accordance with the provisions of the Section 256 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Smt. Radha Mittal, Director retires by rotation and, being eligible, offers herself for re-election. The Directors recommend her re-appointment.

The Board of Directors appointed Shri R.K. Mittal as Managing Director for a period of five years effective 1st June, 1999. In accordance with the provisions of Section 309 of the Companies Act, 1956 and Schedule XIII thereto, requisite resolution is placed before the shareholders in the accompanying Notice. The Directors recommend his appointment.

Shri R.C. Garg who was re-appointed as a Director at the 5th Annual General Meeting of the Company ceased to be Director at the last Annual General Meeting. Shri Manav Jain was appointed as an additional Director during the year. In accordance with Section 260 of the Companies Act, 1956 and Article 80 of the Articles of Association of the Company, his term expires at the ensuing Annual General Meeting of the Company.

The Directors wish to place on record their appreciation of the services rendered by them during their tenure as Directors.

AUDITORS

M/s. Mohan & Mohan Chartered Accountants, the present Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting.

The Auditors have forwarded a Certificate under section 224(1-B) of the Companies Act, 1956, to the effect that their re-appointment, if effected, would be within the limits specified in the said Section.

The Directors recommend their appointment.

The report of the Auditors is self-explanatory and no observations are forwarded thereon.

FIXED DEPOSITS

Fixed Deposits from the Public, shareholders and employees as on 31st March, 1999 stood at Rs. 58.34 lacs. The unclaimed deposits aggregate to Rs. 0.90 Lacs as on the said date. A sum of Rs.0.80 Lacs has been paid therefrom till date. Efforts are being made to contact the remaining depositors.