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**Capital Hotels
AND
Developers Limited**





Capital Hotels AND DEVELOPERS LIMITED

*10th Annual Report and Accounts
for the year ended 31st March, 2000*

BOARD OF DIRECTORS

(as on 28th June, 2000)

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
HDFC Bank

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of Capital Hotels and Developers Limited will be held at Capital Banquet-Cum-Restaurant Complex, Plot No. 19-20, G Block Community Centre, Vikas Puri, New Delhi-110 018 on Tuesday, the 26th September, 2000 at 11.00 A.M. to transact the following:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000, the Profit & Loss Account for the year ended on that date and reports of Board of Directors' & Auditors' thereon.
2. To appoint a Director in the place of Shri Gaurav Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Shri Manav Jain who was appointed as an Additional Director by the Board of Directors under section 260 of the Companies Act, 1956 and Article 80 of the Articles of Association of the Company and who holds office upto the date of the Annual General Meeting and in respect of whom the Company received Notice in writing under section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

5. 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 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 to exercise 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), Banks(s) or any other persons(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 and extent of assigning/transferring of assets, liabilities, debts/obligations, capital work in progress, powers, rights, titles, leases, approvals, authorisations, 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/con-



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veyance 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."

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 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."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolutions as a special resolution.

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and hereby altered by adding the following new clause as Clause No. 46 A after the exiting sub clause 46:

DEMATERIALISATION OF SECURITIES

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled, as and when decided by the Board of Directors, to dematerialise or rematerialise its shares, debentures and/or other securities (both existing and future) and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

b. Options for Investors

- i) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of depository, if permitted by the law, in respect of any security of the manner provided by the Depository Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner of the required certificates of securities.
- ii) If a person opts to hold his securities with a depository, the Company shall intimate such depository in details of allotment of the security, and on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

c. Securities in depositories to be in fungible form

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

d. Rights of depositories and beneficial owners

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.



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- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any voting right or any rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of these securities, which are held by a depository.

e. Service of documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

f. Transfer of Securities

Nothing contained in Section 83 and Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owner in the records of a depository.

g. Allotment of Securities dealt with by a depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

h. Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

i. Register and index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under the Section 11 of the Depository Act, 1996 shall be deemed to be the Register and Index of the members and security holders for the purposes of these Articles.

j. Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within 30 (Thirty) days of the receipt of intimation from the Depository and on fulfillment of such condition and on payment of such fees as may be prescribed by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

k. Stamp duty

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

l. Definitions

For the purpose of these Articles, unless the context otherwise requires:-

Beneficial Owner: 'Beneficial owner' meaning beneficial owner as defined in Clause (a) of sub-section (1) of Section 2 of the Depository Act, 1996;



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By-Laws : 'By-Laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act: 'Depositories Act' means the Depository Act, 1996 and any Statutory modification or re-enactment thereof for the time being in force;

SEBI : 'SEBI' means the Securities & Exchange Board of India;

Depository : 'Depository' means a company formed and registered under the depositories Act, 1996 and which has been granted a certificate of registration to act as depository under the Securities & Exchange Board of India, 1992; and

Security: 'Security' means such security as may be specified by SEBI from time to time;

Record: 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations: 'Regulations' means the regulations made by SEBI;

Shareholders or Members: 'Shareholders' or 'Members' means the duly registered holder, from time to time of shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity and/or preference shares of the Company as also one whose name is entered as beneficial owner of the shares in the records of a Depository.

Place : New Delhi

Date : 28th June, 2000

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

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) and vote instead of himself/herself 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 7 are forming part of the notice and annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, 16th September, 2000 to Tuesday, 26th September, 2000 (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 ANNEXED TO THE NOTICE (Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.4

Shri Manav Jain was appointed as an additional director of the Company by the Board of Directors on 24th March, 2000 to hold office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing alongwith deposit of Rs. 500/- from a member signifying his initiation to propose the candidature of Shri Manav Jain for the office of Directors and the same is available for inspection at the Registered Office of the Company. The Board considers it beneficial and in the interest of the Company to have in its Board Shri Manav Jain who is young, dynamic and accordingly recommend his appointment as a Director of the Company.

This may also be treated a notice under sub section (1A) of Section 257 of the Companies Act, 1956.

The Directors, therefore, recommend the passing of the resolution as set out at Item no. 4 of the Notice, for your approval.

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

Item No. 5

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 schedule commissioning date. There is a gap in the funds required to complete the Project and your Directors are exploring possibilities to bridge 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 and the resolution set out at item no.5 of the notice has been placed before the shareholders afresh.

The Directors, therefore, recommend the passing of the resolution as set out at Item no. 4 of the Notice, for your approval.

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

Item No. 6

The Company had listed its scrips at the Jaipur Stock Exchange Limited and Ludhiana Stock Exchange Limited with a intention to exhlirate 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 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 makes it mandatory, inter alia, to obtain approval of the shareholders in a General Meeting and the resolution set out 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 of Item No. 6 of the Notice.



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

Item No. 7

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, folding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The mode of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company than the conventional form. As per the directive of the Securities and Exchange Board of India your company has to go for compulsory demonstration of shares latest by 29th January, 2001. The Company may join the Depository system in future, as and when decided by the Board of directors, through the company is not compulsorily required at this stage to get its shares dematerialised, but keeping in view of the benefits for the investors and share holders, it is proposed to voluntarily get the shares of the company dematerialised and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in this Resolution to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system.

In view of the forgoing, the directors recommend passing of the resolution as set out at Item No. 7 of the Notice.

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

Place : New Delhi
Date : 28th June, 2000
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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DIRECTOR'S REPORT

TO THE MEMBERS

Yours Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2000 are as follows:-

	(Rs. in laes)	
	Current Year	Previous Year
Gross receipts	370.34	395.03
Profit before Tax, Depreciation and Interest	33.53	40.56
Interest	15.77	18.82
Depreciation	10.37	9.53
Profit before Tax	7.39	12.21
Profit after Tax	5.27	10.00

DIVIDEND AND RESERVES

Keeping in view inadequate profits and the need to conserve resources, your Directors are constrained not to recommend any dividend for the year under review.

PERFORMANCE

In view of the overall recession in the real estate business the gross receipts of your Company during the financial year 1999-2000 was Rs. 370.34 laes are compared to Rs. 395.03 laes in the financial year 1998-99 and profit before depreciation, taxation and interest during the year under review was Rs. 33.53 laes as compared to Rs. 40.56 laes during the financial year 1998-99. Your Directors are of the view that the recession would not continue long and expect better results in the coming year.

PROJECTS

The year 1999-2000 was yet another difficult year for the hospitality and real estate industry. In a year that witnessed deceleration in economic growth, particularly in the hotel industry. The perceptible signs of slow-down in the Indian economy was started in 1996-97, continued into 1999-2000. This led to continued adverse perception 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 alternative including infusion of additional funds by bringing in joint-venture partner. Since these steps would involved transfer of the undertaking, requisite approvals are sought in the accompanying Notice

During the year under review, your Company launch two projects viz., **Capital Chambers**, a commercial complex project located in New Delhi and **Gayatri Lok**, a residential complex project located at Haridwar, Uttar Pradesh.

Inspite of general recession in country economy, the stock markets have already started moving up and the next sector to see a rise investment would be in the real estate sector. This coupled with the government's