



CAPITAL HOTELS AND DEVELOPERS LIMITED

14th

Annual Report

2003-2004



Capital Hotels AND DEVELOPERS Limited

14TH ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

BOARD OF DIRECTORS

(as on 30th June, 2004)

Shri R.K.Mittal	<i>Chairman cum Managing Director</i>
Shri Subhash Chand Mittal	} <i>Directors</i>
Shri M.P.Goel	
Shri Gaurav Mittal	
Shri Manav Jain	
Shri Pran Nath	

COMPANY SECRETARY

Ms. Shalu Goel

REGD. OFFICE

Capital House
D-135, L.G.F., Anand Niketan
New Delhi-110021

RESTAURANT CUM BAR

Plot No. 19-20, G-Block
Community Centre
Vikas Puri, New Delhi-110018

AUDITORS

M/s Mohan & Mohan
Chartered Accountants
F-31, D.B.Gupta Market,
Karol Bagh, New Delhi-110005

BANKERS

Oriental Bank of Commerce
UTI Bank
HDFC Bank
Indian Bank

REGISTRAR & SECURITY TRANSFER AGENTS

Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri, Lajpat Nagar-II
New Delhi-110024

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Capital Hotels and Developers Limited

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Capital Hotels & Developers Limited will be held at Plot No. 19-20, G-Block, Community Centre, Vikaspuri, New Delhi-110018 on Thursday, the 30th September, 2004 at 11.00 A.M. to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ending on that date and report of Board of Directors' & Auditors' Report thereon.
2. To appoint a Director in place of Mr. M.P.Goel, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S.C.Mittal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

As Special Business:

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

Appointment of Managing Director

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII to the Act, or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary the consent of the Company be and is hereby accorded to the appointment of Mr. R.K.Mittal, as Managing Director of the Company for a period of 5 years with effect from 1st June, 2004, at the remuneration, perquisites, other benefits and upon such terms and conditions as set out in the explanatory statement.

RESOLVED FURTHER 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.

RESOLVED FURTHER THAT the Managing Director shall not be liable to retire by rotation during his tenure as Managing Director and shall function under the Superintendence, Direction and Control of the Board of Directors.

RESOLVED FURTHER 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 or to settle any question, doubt or difficulty that may arise with respect thereto."

By order of the Board of Directors

Shalu Goel
Company Secretary

Place : New Delhi

Dated : 30th June, 2004

Regd. Office: D-135, L.G.F., Anand Niketan, New Delhi-110021



Capital Hotels AND Developers Limited

NOTES

1. The relevant Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 in respect of the business under item No. 5 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy (ies) to attend 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.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, 20th September, 2004 to Thursday, 30th September, 2004 (both days inclusive).
4. MEMBERS ARE REQUESTED TO NOTIFY ANY CHANGES IN THEIR ADDRESS ETC. QUOTING THEIR FOLIO NO.(S) TO THE REGISTRAR & SHARE TRANSFER AGENTS, SKYLINE FINANCIAL SERVICES PVT. LTD., 123, VINOBA PURI, LAJPAT NAGAR-II, NEW DELHI-110024 AT THE EARLIEST TO AVOID INCONVENIENCE AT A LATER STAGE.
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.
7. SHAREHOLDERS ARE ELIGIBLE TO FILE THEIR NOMINATIONS AGAINST SHAREHOLDING AND DEPOSITS. NOMINATION FORM(S) ARE AVAILABLE AT THE REGISTERED OFFICE OF THE COMPANY NAMELY CAPITAL HOUSE, D-135, ANAND NIKETAN, NEW DELHI-110021. THOSE INTERESTED IN GETTING THE FACILITY OF NOMINATION MAY WRITE TO THE COMPANY SECRETARY OF THE COMPANY FOR A COPY OF THE PRESCRIBED NOMINATION FORM.
8. As required under clause 49(VI) of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and is eligible for re-appointment and appointment.

i) Director being re-appointed retiring by rotation (Resolution at Item No.2)

Mr. M.P.Goel son of Shri Brij Lal Goel is a Director of the Company since 1992. He is 63 years old and after schooling completed graduation & Post Graduation from Roorkee University. He is having 36 years of Experience of working in various capacities. He has a good experience of construction & Hospitality Industries. He is also having expertise Knowledge in Architectural Planning. He is also a Director on the Board of M/s Gyan Kalash Education & Recreation Ltd. He is on the following Committee (s) formed by the Board of Directors.

Committee Membership

Audit Committee	:	Capital Hotels & Developers Limited.
Shareholder Grievance Committee	:	Capital Hotels & Developers Limited.
Remuneration Committee	:	Capital Hotels & Developers Limited.

Other than the foregoing he is not a member of any other Committee.

ii) Director being re-appointed retiring by rotation (Resolution at Item No.3)

Mr. S.C.Mittal son of Late Sh. M.L.Mittal is a Director of the Company since 1998. He is 49 years old and after doing schooling, completed Graduation from Punjab University. He has wide Knowledge of Hospitality Industry, as Tequilla Restaurant cum Bar which has become the leading restaurant of West Delhi, is the result of only his effective leadership and innovative ideas. He is the Managing Director of S.K.Mittal Finance & Investment Pvt. Ltd. He is not a member of any committee of the Board of Directors.

iii) Appointment of Mr. R.K.Mittal, Managing Director (Resolution at Item No. 5)

Shri R.K.Mittal son of Late Sh. M.L.Mittal aged about 51 years, joined the company in 1990. He is the Managing Director of the Company since 1990. He is a Graduate in Arts and Law. He has rich and varied experience of over 24 years in the Construction and Hospitality Industries.

He is a member of the Shareholders' Grievance Committee of the Company. He is a Director on the following companies:



Capital Hotels AND DEVELOPERS Limited

Directorship:

- 1) Mittal Buildtech Limited
- 2) Shourat Hotels Pvt. Ltd.

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

Shri R.K.Mittal, Chairman & Managing Director of the Company was appointed for a Period of 5 Years w.e.f 01.06.1999. The term of office of Mr. R.K.Mittal expired on 31st May, 2004. Considering his contribution to the growth of the Company, the Board of Directors in their meeting held on 26th May, 2004 re-appointed Shri R.K.Mittal as the Managing Director of the Company for a further period of 5 years with effect from 1st June, 2004, subject to the approval of the Shareholders on the terms and conditions given below. The terms and conditions and the remuneration proposed for managerial personnel are set out below: These are within the limits laid down under Schedule XIII of the Companies Act, 1956.

1. 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.
2. Perquisites subject to the overall ceiling of the salary payable, as above, with initial ceiling of Rs 25000, 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, 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 months' 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.

The Directors, therefore, recommend passing of the resolution as set out at item No.5 of the Notice.

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

Place : New Delhi

Dated : 30th June, 2004

Regd. Office: D-135, LGF, Anand Niketan
New Delhi-110021

By Order of the Board of Directors

For Capital Hotels & Developers Limited

Shalu Goel

Company Secretary



Capital Hotels AND Developers Limited

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present their Fourteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2004.

FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2004 are as follows:

	Current Year ended 31.03.2004 Rs (in lacs)	Previous Year ended 31.03.2003 Rs (in lacs)
Gross receipts	540.15	480.87
Profit before Tax, Depreciation and Interest	38.15	39.59
Interest	23.11	23.16
Depreciation	11.36	12.05
Profit before Tax	3.68	4.38
Profit after Tax	1.73	2.77

DIVIDEND AND RESERVES

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

PERFORMANCE

During the year, your company has recorded sales turnover of Rs 540.15 (in lacs) as compared to previous year turnover of Rs 480.87 (in lacs). However aided by some innovative measures the performance of the construction segment helped the company in retaining the pace of sales during the period under review, as a result your directors are hopeful of retaining the growth, in gross receipts in the current year.

Your company has been all making continuous efforts to strive for more profitable business opportunities to improve overall profitability of the company.

PROJECTS

During the year under review, the Second Phase of Gayatrilok, a residential complex located at Haridwar, was successfully completed and majority of the flats have already been sold out.

After the Completion of Gayatrilok Project at Haridwar, the company is in the process of starting new projects i.e. For Construction of Residential Flats at Vrindaban and at places close proximity to Delhi and hope that these projects will be beneficial for the Company from the earning point of view.

DIRECTORS

During the Year, the PICUP Financial Institution, has withdrawn the nomination of its nominee Director, Mr. Devender Singh from the Board of your company on 30.07.2003.

Mrs. Radha Mittal, Director of the company resigned from the Board of your company on 4.10.2003. The Company records its sincere appreciation to the long, dedicated and remarkable services rendered by Mrs. Radha Mittal as a Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S.C.Mittal & Mr. M.P.Goel, Directors of your company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. Mohan & Mohan Chartered Accountants, the 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



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re-appointment, if effected, would be within the limits specified in the said Section.

The Directors recommend their re-appointment.

The report of the Auditors is self-explanatory and does not call for any comment.

CORPORATE GOVERNANCE

Corporate Governance and Management Discussion and Analysis report are given in Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

In the preparation of the annual accounts, the applicable accounting standards have been followed.

The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and of the profit or loss of the Company for the year under review.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the annual accounts on a going concern basis.

EDIFAR

Your company has been registered under EDIFAR System ie Electronic Data Information Filing and Retrieval system and is in the process of entering the data in the System. Now the members would be able to view the information about the Company by visiting the SEBI site i.e www.sebi.gov.in

FIXED DEPOSITS

Fixed Deposits from the Public, shareholders and employees of the company as on 31st March, 2004 stood at 110.38 Lacs as against 111.55 Lacs at the close of the preceding financial year. There were unclaimed deposits aggregating Rs 1.41 lacs pertaining to 7 depositors as on that date.

PERSONNEL

The employees at all levels continued to put sincere efforts in the growth of the Company. The Employee relations continued to be cordial.

During the year under review there were no employees, whose particulars are required to be furnished as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975, as amended.

OTHER INFORMATION

A statement pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read together with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

LISTING AT STOCK EXCHANGE

Pursuant to the delisting applications of the company, the Stock Exchanges at Delhi, Ludhiana & Jaipur have delisted equity shares of the Company. Final approval from Jaipur Stock Exchange is awaited.

The Equity Shares of the Company continue to be listed on the Mumbai Stock Exchange. The annual listing fees for the year 2004-2005 have been paid to the Mumbai Stock Exchange.

SCHEME OF ARRANGEMENT (DE-MERGER) OF THE COMPANY WITH SHOURAT HOTELS PVT. LTD.

Your company has decided to enter in to Scheme of Arrangement (de-merger) with the Shourat Hotels Pvt. Ltd., a newly incorporated Company, in which your Company holds 50% of Equity Share Capital.

Pursuant to the petition filed by the Company with the Delhi High Court, it was ordered by the concerned High Court on 31st May, 2004 to hold the Extra ordinary General Meeting of the Company on 24th July 2004 at Plot No 19-20, G-Block, Community Centre, Vikaspuri, New Delhi-110018 at 11.00 A.M for obtaining the consent of the Shareholders to the proposed Scheme of Arrangement (de-merger) with the Shourat Hotels Pvt. Ltd.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the support extended by its Bankers, Customers, and various Government Agencies. The Board also wishes to thank the shareholders for their unstinted support.

For and on behalf of the Board of Directors

Place : New Delhi

R.K.Mittal

Dated : 30th June, 2004

Chairman cum Managing Director



Capital Hotels AND DEVELOPERS LIMITED

DISCLOSURE UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

1. CONSERVATION OF ENERGY

A. Energy conservation measures taken

The Company continuously endeavors to economise the use of energy and fuel and to this end additional energy saving lighting devices have been installed at its projects at Gayatrilok Haridwar.

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The Company continuously endeavors to economise the use of energy and fuel. However no specific proposals are being implemented.

C. Impact of measures at (a) and (b) above for reduction of energy consumption and consequently impact on the cost of production of goods.

Since efforts to conserve energy are a continuous exercise the impact thereof has not been quantified.

D. Total energy consumption and energy consumption per unit of production as per form A of Annexure in respect of industries specified in schedule thereto.

Your Company continuously strives to economise the use of energy and fuel. Necessary particulars as required by rules in respect of energy consumption at Restaurant cum Bar are given in Form A.

2. TECHNOLOGY ABSORPTION

A. Research and Development

In view of the nature of business of the Company, the required information in the prescribed format is considered to be not applicable to the Company.

B. Technology Absorption: Nil

3. FOREIGN EXCHANGE EARNING & OUTGO - Nil

ANNEXURE II- IN Form A

A. POWER & FUEL CONSUMPTION

1.	Purchase	Current year	Previous year
(a)	Electricity		
	Units	3,13,449	3,12,163
	Total Amount (Rs.)	16,36,080	15,66,995
	Rate per unit (Rs.)	5.22/- Unit	5.02/- Unit
(b)	Coal (Charcoal)		
	Quantity	28,882	24,593
	Total Cost (Rs.)	2,41,830	1,79,367
	Average Rate (Rs.)	8.37/- K.G.	7.29/- K.G.
(c)	Others (LPG)		
	Quantity	617	881
	Total Cost (Rs.)	3,31,034	4,06,848
	Average Rate (Rs.)	536.52 /- Cylinder	461.80/- Cylinder



Capital Hotels AND DEVELOPERS LIMITED

ANNEXURE-I

CORPORATE GOVERNANCE REPORT

1. The Corporate Governance Code:

The Company recognises the importance of Good Corporate Governance, which is the tool of building Strong and everlasting beneficial relationship with customers, suppliers, bankers and more importantly with the investors.

2. Board of Directors ("Board")

The strength of the Board on signing of the report comprises of six Directors. The Board of Directors comprises of Executive and Non Executive Directors. There are three Non Executive Directors and three Executive Directors. The Chairman of the Board is Executive Director. The Directors are eminently qualified and experienced in business, finance and corporate management.

Mrs. Radha Mittal, Director of the Company resigned from the Directorship of your Company on 04.10.2003 and PICUP (Financial Institution) withdrew its nominee Mr. Devender Singh from the Board of your company on 30.07.2003.

• Constitution of the Board

S. No.	Name of Director	Status
1.	Shri.R.K.Mittal	Executive, Chairman and Managing Director
2.	Shri.S.C.Mittal	Executive Director
3.	Shri Gaurav Mittal	Executive Director
4.	Shri M.P.Goel	Non-Executive Director
5.	Shri. Manav Jain	Non-Executive Director
6.	Shri Pran Nath	Non-Executive Director

Board Meetings

The meetings of Board of Directors are held at the Registered office i.e. D-135, Capital House, Anand Niketan, New Delhi-110021. The functions performed by the Board include review of Minutes of Audit Committee Meetings and other Committees of the Board, adoption of Quarterly results of the Company and review of Company's Operation & Performance. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

• Number of Board Meetings

During the financial year from 1st April 2003 to 31st March, 2004 the Board of Directors met 17 times on the following dates:

S.No	Date of Meeting	Board Strength	No. of Directors Present
1.	1st April, 2003	8	7
2.	29th April, 2003	8	4
3.	31st May, 2003	8	3
4.	30th June, 2003	8	6
5.	30th July, 2003	8	6
6.	16th, August, 2003	7	4
7.	27th, August, 2003	7	6
8.	1st, October, 2003	7	6
9.	4th, October, 2003	7	4
10.	10th, October, 2003	6	6
11.	30th, October, 2003	6	5
12.	10th, November, 2003	6	4
13.	29th, December, 2003	6	6
14.	8th, January, 2004	6	5
15.	30th, January, 2004	6	5
16.	11th, March, 2004	6	6
17.	31st, March, 2004	6	5



Capital Hotels AND DEVELOPERS LIMITED

• Attendance of Directors

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM held on Sept 30, 2003	No. of Directorships in other Boards as on 31st March, 2004	No. of Memberships in all Committees of the Board as on 31st March, 2004
1. Shri.R.K.Mittal	17	16	Present	1	2
2. Smt.Radha Mittal	17	6	Present	1	-
3. Shri.S.C.Mittal	17	14	Present	1	-
4. Shri Gaurav Mittal	17	16	Present	2	1
5. Shri M.P.Goel	17	11	-	1	3
6. Shri. Manav Jain	17	11	-	1	2
7. Shri Pran Nath	17	13	Present	-	3
8. Shri Devender Singh	17	1	-	-	-

3. Committees of the Board

Non-Executive Directors, including the Chairman, provide guidance on policy matters as well as in the monitoring actions of operating management.

To Confirm to the requirements of clause 49 of the Listing Agreement with the Stock Exchanges and Companies Act, 1956, the Board has constituted and reconstituted the required committees. The composition of these Committees is as under:

Name of Members	Various Committees		
	Audit Committee	Shareholders Grievances Committee	Remuneration Committee
1. Mr. R. K. Mittal Exe. Director	No	Yes	No
2. Mr. S. C. Mittal Exe. Director	No	No	No
3. Mr.Gaurav Mittal Exe. Director	No	No	No
4. Mr. Pran Nath Non-Exe. Director	Yes	Yes	Yes
5. Mr. Manav Jain Non-Exe. Director	Yes	No	Yes
6. Mr. M.P.Goel Non-Exe. Director	Yes	Yes	Yes

The Company also has a Share Transfer Committee. Mrs. Radha Mittal ceased to be the member of Share Transfer Committee on 04.10.2003 and Mr. Gaurav Mittal, appointed member of the Share transfer Committee on 04.10.2003. Now Share Transfer Committee comprises of Mr. R.K.Mittal & Mr. Gaurav Mittal .

• Audit Committee

• Membership:

In Compliance with the requirements of Clause 49 of the Listing Agreement read with section 292 A of the Companies Act, 1956 the Strength of the Board as also of the Audit Committee was augmented by inducting non-executive directors from time to time as is indicated in the above paras. The composition of the Audit Committee members is given in para (3) above.