



15th Annual Report

Report  nction.com

2004-2005

Capital Hotels And Developers Limited
(An ISO 9001:2000 Certified Company)



Capital Hotels and Developers Limited

15TH ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

BOARD OF DIRECTORS

(As on 28th June, 2005)

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
American Express 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 Fifteenth Annual General Meeting of the Members of Capital Hotels & Developers Limited will be held at **Anand Niketan Club, Anand Niketan, New Delhi-110021** on Friday, the 30th September, 2005 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, 2005 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. Gaurav Mittal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manav Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

As Special Business:

Sub-division of Share Capital

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

"RESOLVED THAT pursuant to Article 49 of the Articles of Association of the Company, Section 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, each of the existing fully paid equity shares of Rs 10/- each in the capital of the Company be divided in to 5 fully paid up equity shares of Rs 2/- each.

RESOLVED FURTHER THAT consequent to the sub-division, the Clause V of the Memorandum of Association be substituted accordingly as follows:

Clause V. The Authorised Share Capital of the Company is Rs 8,50,00,000/- (Rupees Eight Crore Fifty Lacs) divided in to 42500000/- (Four Crore Twenty Five lacs) Equity Shares of Rs 2/- each.

RESOLVED FURTHER THAT consequent to the sub-division, Article 3 of the Article of Association be substituted accordingly as follows:

Article 3. The Authorised Share Capital of the Company is as provided in Clause V of Memorandum of Association with power to subdivide, consolidate and increase or decrease and with power from time to time, to issue any shares of the original capital and subject to

any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to call back the existing share certificates from the Shareholders and to issue in cancellation thereof, new shares certificates in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificate) Rules, 1960."

By order of the Board of Directors

Shalu Goel
Company Secretary

Place : New Delhi

Date : 23rd August, 2005

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

NOTES

1. The relevant Explanatory Statement pursuant to the provisions of Section 173(2) of the companies Act, 1956 in respect of the business item under Item No.5 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, 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 Thursday, 1st September, 2005 to Friday, 30th September, 2005 (both days inclusive).
4. Members are requested to notify any changes in their address etc. quoting their folio no.(s)/DPID/



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Client ID to the Registrar & Share Transfer Agents M/s 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, L.G.F., 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. Gaurav Mittal son of Shri R.K.Mittal is a Director of the Company Since 1997. He is 27 Years old and after schooling from Modern School, Vasant Vihar, New Delhi completed his graduation from University of Bradford, London (U.K.). In his short career, gained significant knowledge of construction and Hospitality Industries. Gayatri Lok, a Mega Project of the Company, has come in to shape in his effective leadership. Similarly, Tequilla Restaurant has become leading restaurant of West Delhi with in a short period of time with his innovative ideas. He is Director of Capital Institute of Competition Training Pvt. Ltd. and M/s Capital Homes Limited, he is a member of Share Transfer Committee of the Board of Directors.

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

Mr. Manav Jain son of Shri Subhash Chand Jain is a Director of the company since 2000. He is 28 years old and after doing schooling completed his honors degree in commerce. He has a good

experience of construction and hospitality industries. He also has an expertise in Accounts and Finance function. He is also a Director on the Board of Directors of M/s Manav Estates Pvt. Ltd.. He is a member of the Audit Committee and Remuneration Committee formed by the Board of Directors.

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

Item No. 5. Sub-division of Share Capital

With the abolition of fixed par value of Rs. 10 and Rs. 100 by SEBI and withdrawal of the Government Circular in this regard, the company is now allowed to have shares of any denomination in multiple of Re. 1. As the lower denomination makes the transferability of shares easier, the company wishes to divide its share capital by reducing its par value from Rs. 10/- to Rs. 2/- each.

It is now proposed to pass this Special resolution to effect the Sub-division in accordance with section 94(1) (d) of the Companies Act, 1956. The Capital Clause of the Memorandum of Association (i.e. Clause V) and Article 3 of the Articles of Association will also be altered to give effect to the said resolution.

Consequent upon the change in the Nominal value of Shares from Rs 10/- each to Rs 2/- each, the number of shares will be 33940150 Shares of Rs 2/- each from 6788030. The Altered Articles of Association and Memorandum of Association of the Company will be available for inspection for all the members of the company during working hours, during working days at the Regd. Office of the Company.

None of the Directors is interested in the aforesaid resolution.

By Order of the Board of Directors
For Capital Hotels & Developers Limited

Shalu Goel
Company Secretary

Place: New Delhi
Date: 23rd August, 2005
Regd. Office: Capital House
D-135, L.G.F., Anand Niketan
New Delhi-110021



Capital Hotels and Developers Limited

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present their Fifteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2005.

FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2005 are as follows:

Particulars	Current Year ended 31.03.2005 Rs (in lacs)	Previous Year ended 31.03.2004 Rs (in lacs)
Gross receipts	449.24	540.15
Profit before Tax, Depreciation and Interest	31.19	38.15
Interest	15.71	23.11
Depreciation	11.26	11.36
Profit before Tax	4.22	3.68
Profit after Tax	2.16	1.73

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 449.24 (in lacs) as compared to previous year turnover of Rs 540.15 (in lacs). Your Directors are of the view that the recession would not continue long and expect better results in the coming year. The performance of the company is expected to be higher in the current financial year due to the uptrend in the construction as well as Hotel Industry.

PROJECTS

During the year under review, almost all the flats of first and Second Phase at Gayatri Lok, residential complex at Haridwar has been sold out.

The company has been focussing on the concept of providing affordable homes at places of Pilgrimage Tourism, and keeping the same in mind the Company has successfully launched its new project at Vrindaban (Mathura) for construction of Residential flats which would be expected to be completed by November, 2006. And hope this project will be beneficial for the Company from the earning point of view.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Gaurav Mittal & Mr. Manav Jain, 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 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-A & B.

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.

FIXED DEPOSITS

Fixed Deposits from the Public, shareholders and employees of the company as on 31st March, 2005 stood at 131.14 Lacs as against 110.38 Lacs at the close of the preceding financial year. There were unclaimed deposits



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aggregating Rs 1.24 lacs pertaining to 8 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.

ISO 9001-2000

During the year, your Company has got the privilege of being ISO 9001-2000 registered company, granted to it on 17.01.2005 through known certification Agency "ICRS MANAGEMENT SYSTEMS PVT. LTD."

DEMERGER

During the Year, the de-merger of the Company with M/s Shourat Hotels Pvt. Ltd., has been completed, duly approved by the Hon'ble High Court Delhi, vide their order dated 20.09.2004, and the same has been registered with the ROC by the Company within the stipulated period of time.

The Company has sold its investment in M/s Shourat Hotels Pvt. Ltd, due to which the company i.e M/s Shourat Hotels Pvt. Ltd. no longer remains the Subsidiary of the Company.

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 as Annexure "C" and forms part of this Report.

LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continue to be listed on the Mumbai Stock Exchange. The annual listing fees for the year 2005-2006 have been paid to the Mumbai Stock Exchange.

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

R.K.Mittal

Chairman cum Managing Director

Place: New Delhi

Date : 28th June, 2005



CAPITAL HOTELS AND DEVELOPERS LIMITED

ANNEXURE "A"

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.

● Constitution of the Board

S. No.	Name of Director	Status
1.	Shri.R.K.Mittal	Executive, Chairman cum 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 2004 to 31st March, 2005 the Board of Directors met 13 times on the following dates:

S.No	Date of Meeting	Board Strength	No. of Directors Present
1.	10th April, 2004	6	6
2.	11th May, 2004	6	4
3.	26th May, 2004	6	5
4.	30th June, 2004	6	6
5.	30th July, 2004	6	6
6.	9th August, 2004	6	4
7.	28th August, 2004	6	5
8.	21st September, 2004	6	3
9.	30th October, 2004	6	6
10.	22nd November, 2004	6	4
11.	1st December, 2004	6	5
12.	29th January, 2005	6	6
13.	15th March, 2005	6	5



Capital Hotels and Developers Limited

● Attendance of Directors

S.No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM held on Sept. 30, 2004	No. of Directorships in other Boards as on 31st March 2005	No. of Memberships in all Committees of the Board as on 31st March 2005
1.	Shri.R.K.Mittal	13	13	Present	2	2
2.	Shri.S.C.Mittal	13	13	Present	1	-
3.	Shri Gaurav Mittal	13	13	Present	2	1
4.	Shri M.P.Goel	13	9	Present	1	3
5.	Shri. Manav Jain	13	8	-	1	2
6.	Shri Pran Nath	13	9	Present	-	3

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 which comprises of Mr. R.K.Mittal & Mr. Gaurav Mittal as its member.

● 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 inducing non-



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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.

- **Broad Terms of Reference of the Audit Committee**

The main function of the Audit Committee is to assess and ensure that the financial statements of the company are correct. It also interacts with the Statutory Auditors before finalization of Annual Financial Accounts and Reports focusing primarily on Accounting Policies, Compliance of Accounting Standards etc. It also reviews the adequacy of internal Control System on any matter in connection with review of financial reporting Systems and control Procedures.

During the Year from 1st April, 2004 to 31st March, 2005, the Audit Committee met four times on 30th June, 2004, 30th July 2004, 30th October, 2004, 29th January, 2005.

- **Attendance of the Directors in the Audit Committee Meeting:**

Name of Directors	No. of meetings attended
1.Mr. Pran Nath	4
2.Mr. M.P.Goel	4
3.Mr. Manav Jain	4

4. Shareholders Grievances Committee

This Committee comprising of the following members of the Board to review Shareholders Complaints and resolving of the same by Ms. Shalu Goel, Compliance Officer of the Company.

1. Mr. Pran Nath - Chairman
2. Mr. R.K.Mittal - Member
3. Mr. M.P.Goel - Member

- **Attendance of Directors in the Shareholders Grievance Committee meetings:**

The Shareholders' Grievance Committee met once during the year ended 31st March, 2005. The attendance for the meetings are as stated below :

Name of Directors	No. of meetings held	No. of meetings attended
1.Mr. Pran Nath	1	1
2.Mr. R.K.Mittal	1	1
3.Mr. M.P.Goel	1	1

- **Details of Investors/ Shareholders Complaint received during the year ended 31st March 2005.**

S.No	Nature of Complaints	Received	Disposed	Pending
1.	Non-receipt of dividend warrant(s)	Nil	Nil	Nil
2.	Non-receipt of Share Certificates after transfer/ exchange/ sub-division/ consolidation	1	1	Nil
	Total	1	1	Nil

- **Number of Shares pending for transfer:**

No Share (s) were pending for transfer as on 31st March, 2005



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5. Remuneration Committee:

Membership:

Name of Directors	No. of Meetings held	No. of Meetings attended
1.Mr. Pran Nath	2	2
2.Mr. M.P.Goel	2	2
3.Mr. Manav Jain	2	2

● Remuneration Policy:

The Company follows a marked linked policy, which is aimed at enabling the company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goals.

The Company doesn't pay any remuneration to the Non-Executive Directors of the Company. The Company only paid to Mr. R.K.Mittal, Managing Director of the Company, Salary of Rs 2,50,000/-p.a., perquisites and other benefits, which amounts to Rs 1,20,000/- p.a.

● Sitting Fees

No Sitting Fees was paid to Non -Executive Directors for attending the Board Meeting.

6. Particulars of Past three AGMs :

The last three Annual General Meetings of the Company were held at 'Capital Banquet cum Restaurant' at Plot No. 19-20, G-Block, Community Centre, Vikas Puri, New Delhi-110018 on the following dates and time:

AGM No.	Year	Date	Time
12.	2002	30th Sept, 2002	11.00 A.m.
13.	2003	30th Sept, 2003	11.00 A.m.
14.	2004	30th Sept, 2004	11.00 A.m.

All the resolutions as set out in the respective notices were passed by the Shareholders. No Special resolutions were required to be put through postal Ballot.

7. Disclosures

There were no transactions of material nature with promoters, the directors, or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The relevant disclosures have been given in Note 4 of 'Schedule 'O' to the Accounts.

No Penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to Capital markets for non-compliance by the Company.

8. Means of Communication:

- The Company publishes quarterly, half-yearly and annual results as required under the Listing Agreement in the prescribed format. The results are normally published in the Financial Express (Eng.) and Jansatta (Hindi). The results are also sent to the Stock Exchanges for general information and for putting on their web site. The notice of the AGM is sent to the shareholders well in advance of the AGM. The gist of the notice is also published in newspapers.
- Company has not made any presentations to any institutional investors/ analyst during the year.
- Management Discussion and Analysis Report forms part of this Annual Report.

9. General Shareholders' Information:

Annual General Meeting	15th Annual General Meeting
Day & Date	Friday, the 30th September, 2005
Time	11.00 A.M.
Venue	Anand Niketan Club, Anand Niketan, New Delhi-110021