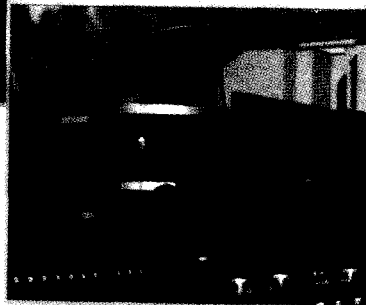




# Capital Hotels And Developers Limited

(An ISO 9001:2000 Certified Company)



## 16th Annual Report 2005-2006



# Capital Hotels AND DEVELOPERS LIMITED

## 16<sup>TH</sup> ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006

### BOARD OF DIRECTORS

(As on 28th June, 2006)

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

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

SF-16-17, 1st Floor,  
Madame Bhikaji Cama Bhawan,  
11, Bhikaji Cama Place,  
New Delhi- 110066

### RESTAURANT CUM BAR

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

### AUDITORS

M/s Mohan & Mohan  
Chartered Accountants  
E-34, D.B.Gupta Market,  
Karol Bagh, New Delhi-110005

### BANKERS

Punjab National Bank  
Oriental Bank of Commerce  
American Express Bank  
HDFC Bank  
Indian Bank  
UTI 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 Sixteenth Annual General Meeting of the Members of Capital Hotels And Developers Limited will be held at **Anand Niketan Club, Anand Niketan, New Delhi-21** on Tuesday, the 22nd August, 2006 at 11.00 A.M. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ending on that date and report of Board of Directors' & Auditors' Report thereon.
2. To confirm and record the interim dividend as the Final Dividend.
3. To appoint a Director in place of Mr. Pran Nath, who retires by rotation and, being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### Special Business :

#### Change of Name

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

“**RESOLVED THAT** subject to the approval of the Central Government under Section 21, and other applicable provisions, if any, of the Companies Act, 1956, the name of the company be changed from **Capital Hotels And Developers Limited** to **CHD Developers Limited** and that the name of the Company shall be CHD Developers Limited with effect from the date of issue of Certificate of Incorporation by the Registrar of Companies, Delhi & Haryana in that behalf, and accordingly the name CHD Developers Limited wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name CHD Developers Limited.

**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to do and perform all such acts, things as may be necessary, expedient or desirable to give effect to the foregoing resolution.”

By order of Board of Directors

**Shalu Goel**  
Company Secretary

Place : New Delhi

Date : 28th June, 2006

Regd. Office: SF-16-17, 1st Floor

Madame Bhikaji Cama Bhawan,

11, Bhikaji Cama Place, New Delhi-110066

## 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 (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, 14th August, 2006 to Tuesday, 22nd August, 2006 (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 At SF-16-17, 1st Floor, Madame Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi-110066. 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



# Capital Hotels AND Developers Limited

Director(s) who retire by rotation and is/are eligible for re-appointment/ Appointment of Directors.

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

Mr. Pran Nath S/o Sh Brij Lal is a Director of the Company Since 2003. He is 69 Years old and is Graduate in Civil Engineering. Besides expertise in the field of engineering, he has proficiency in Finance and Accounts. He is not a Director in any other Company. He is a member of following committee(s) formed by the Board of Directors of Capital Hotels And Developers Limited.

- 1) Audit Committee
- 2) Shareholder Grievance Committee
- 3) Remuneration Committee

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Capital Hotels and Developers Limited is a Company Incorporated on 17th August, 1990 engaged in the business of development and promotion of Hotel and real estate. The Company has cemented its position in the business of real estate and construction in last 15 years and has established a name for itself in this field. The Company has been continuously promoting its business under the brand name of CHD logo which is abbreviated form of Companies name, which is Capital Hotels And Developers Limited. Now as the major activities of the Company are related to real estate development and the hotel business constitutes a very small contributor to the Company's revenue. It is desired to change the name to reflect the correct business industry and as CHD logo has developed in to a brand name of the Company so it was desired to use the same for promoting the business of the Company.

The Board of Directors are of the view that the name of the Company would reflect the major activities of the

Company. In view of this, it is considered necessary to use company name as **CHD Developers Limited** so that real estate business would be better reflected in its new name.

The Board of Directors at its meeting held on 16th May, 2006 has approved this change of name subject to its availability and the approval of the Shareholders. The proposed name has been confirmed as being available by the Registrar of Companies, Delhi & Haryana.

Pursuant to Section 21 of the Companies Act, 1956 the change of name requires the shareholder's approval by way of a special resolution and accordingly, approval of the shareholders is being sought by way of this special resolution. The said section also requires an approval of the Central Government, the powers in respect of which have been delegated to the Registrar of Companies. Accordingly, after the shareholder's approval, the company shall apply to Registrar of Companies, NCT of Delhi & Haryana, for approval of the changed name.

The Board of Directors recommends the same for acceptance by the Shareholders.

None of the Directors in any way concerned or interested in the said resolution.

By Order of the Board of Directors

**Shalu Goel**  
Company Secretary

Place: New Delhi  
Date: 28th June, 2006  
Regd. Office: SF-16-17, 1st Floor  
Madame Bhikaji Cama Bhawan  
11, Bhikaji Cama Place  
New Delhi-110066



# Capital Hotels and Developers Limited

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors are pleased to present their Sixteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2006.

### FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2006 are as follows:

Particulars	Current Year ended 31.03.2006 Rs (in lacs)	Previous Year ended 31.03.2005 Rs (in lacs)
Gross receipts	1170.08	49.24
Profit before Tax, Depreciation and Interest	269.42	31.19
Interest	19.30	15.71
Depreciation	12.69	11.26
Profit before Tax	237.43	4.22
Profit after Tax	215.54	2.16

### DIVIDEND AND RESERVES

An interim dividend of Rs. 0.50 per share (5%) was declared and paid. The interim dividend has been decided to be recorded as final dividend.

### PERFORMANCE

The year under review the company has recorded growth in turnover and improvement in profitability. The turnover of the company have touched Rs 1170.08(in lakhs) showing an increase of 160% (approx) as compared to previous year of Rs 449.24.

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

### PROJECTS

During the year, the construction of Company's current project in the name of Sri Krishnalok at Vrindavan is in full swing. Your company's turnover recorded an increase in the current year, as this project in the construction stage itself yields good return to the Company. This project is expected to be completed at the end of this year.

Your Company is in the process of developing townships

in Karnal (Haryana). In future the main focus of the company is to start residential/ commercial projects in Jaipur and Haridwar. And hope that these projects if finalized would yield good returns to the Company.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr Pran Nath, Director of your company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself 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.



# Capital Hotels AND Developers Limited

## FIXED DEPOSITS

Fixed Deposits from the Public, shareholders and employees of the company as on 31st March, 2006 stood at 191.69 Lacs as against 131.14 Lacs at the close of the preceding financial year. There were unclaimed deposits aggregating Rs 1.11 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.

## 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

The Equity Shares of the Company continue to be listed on the Mumbai Stock Exchange. The annual listing fees for the year 2006-2007 have been paid to the Mumbai Stock Exchange.

## REGISTERED OFFICE

During the year, your company registered office has been shifted to SF-16-17, 1st Floor, Madame Bhikaji Cama Bhawan, 11, Bhikaji Cama Place, New Delhi-110066

## SUB-DIVISION OF EQUITY SHARES

At the Annual General Meeting of the Company held on 30th September, 2005, the members passed a resolution thereby subdividing equity shares of Rs 10/- each in the capital of the Company in to 5 equity shares of Rs 2/- each. The equity shares of Rs 10/- each are no longer tradable on the Stock Exchanges.

## 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 Director

**R.K.Mittal**

Chairman cum Managing Director

Place: New Delhi

Date : 28th June, 2006



# 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. During the year, the company has adopted the revised clause 49 of the listing agreement.

### **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 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 of the Company. 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 2005 to 31st March, 2006 the Board of Directors met 16 times on the following dates:

S.No	Date of Meeting	Board Strength	No. of Directors Present
1.	8th April, 2005	6	5
2.	5th May, 2005	6	4
3.	28th June, 2005	6	6
4.	28th July, 2005	6	6
5.	16th August, 2005	6	6
6.	23rd August, 2005	6	6
7.	30th August, 2005	6	5
8.	10th October, 2005	6	6
9.	3rd November, 2005	6	4
10.	9th November, 2005	6	4
11.	19th December, 2005	6	4
12.	18th January, 2006	6	6
13.	25th January, 2006	6	4
14.	13th February, 2006	6	4
15.	1st March, 2006	6	3
16.	31st March, 2006	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, 2005	No. of Directorships in other Boards as on 31st March 2006	No. of Memberships in all Committees of the Board as on 31st March 2006
1.	Shri.R.K.Mittal	16	16	Present	1	2
2.	Shri.S.C.Mittal	16	16	Present	1	-
3.	Shri Gaurav Mittal	16	16	Present	2	1
4.	Shri M.P.Goel	16	12	-	1	3
5.	Shri. Manav Jain	16	7	-	1	2
6.	Shri Pran Nath	16	11	Present	-	3

## ● Code of Conduct

A declaration regarding compliance by board members and senior management with the code of conduct is annexed herewith as Annexure-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 which comprises of Mr. R.K.Mittal & Mr. Gaurav Mittal as its member.





# Capital Hotels and Developers Limited

## 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 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, 2005 to 31st March, 2006, the Audit Committee met four times on 28th June, 2005, 28th July 2005, 10th October, 2005 and 18th January, 2006.

### ● 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, 2006. 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 2006.

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	Nil	Nil	Nil
	<b>Total</b>	Nil	Nil	Nil

### ● Number of Shares pending for transfer:

No Share (s) were pending for transfer as on 31st March, 2006



# Capital Hotels and Developers Limited

## 5. Remuneration Committee:

### Membership:

Name of Directors	No. of Meeting held	No. of meeting 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 does not have an Employee Stock Option Policy.

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 3,00,000/-p.a, perquisites and other benefits, which amounts to Rs 70,000/-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 details of past three Annual General Meetings of the Company are given below:

AGM No.	Year	Venue	Date	Time
13.	2003	Capital Banquet cum Restaurant at Plot No. 19-20, G Block, Community Centre, Vikaspuri, New Delhi-110018	30th Sept, 2003	11.00 A.m.
14.	2004	Plot No. 19-20, G Block, Community Centre, Vikaspuri, New Delhi-110018	30th Sept, 2004	11.00 A.m.
15.	2005	Anand Niketan Club, Anand Niketan, New Delhi-110021	30th Sept, 2005	11.00 A.m

All the resolutions as set out in the respective notices were passed by the Shareholders. At the last Annual General Meeting held on 30th September, 2005, Special Resolution was passed for the sub-division of share capital of the Company. The resolution was passed unanimously. 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