

CHL LIMITED

ANNUAL REPORT
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SURYA NEW DELHI
NEW FRIENDS COLONY, NEW DELHI-110 065

CHL Limited**22nd Annual General Meeting**

Date : 21st September, 2001
 Day : Friday
 Time : 10.00 a.m.
 Place : Registered Office
 Hotel Crowne Plaza Surya
 New Friends Colony
 New Delhi-110 065

BOARD OF DIRECTORS

Shri L. K. Malhotra (Chairman & Managing Director)
 Shri D. V. Malhotra
 Shri A. K. Malhotra
 Shri B. N. Malhotra
 Shri O. P. Bajaj
 Shri Subhash Ghai
 Shri Kumud Malhotra
 Shri Luv Malhotra (Executive Director)

Company Secretary

Shri G. Mani

Auditors

G. Rai & Co.
 Chartered Accountants
 29A/1, Asaf Ali Road,
 New Delhi-110 002.

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Bankers

State Bank of India
 Standard Chartered Bank
 Lord Krishna Bank Ltd.
 Jammu & Kashmir Bank Ltd.

Registrar and Share Transfer Agents

RCMC Share Registry (P) Ltd.
 1515, (1st Floor), Bhisham Pitamah Marg,
 Kotla Mubarakpur, New Delhi-110003

Regd. Office

Hotel Crowne Plaza Surya
 New Friends Colony
 New Delhi-110 065
 Phone : 91-11-6835070
 Fax : 91-11-6837758
 E-mail : cosmohtl@del2.vsnl.net.in



NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of CHL Limited will be held on Friday, the 21st September, 2001 at 10.00 a.m. at the Registered Office of the Company at Hotel Crowne Plaza Surya, New Friends Colony, New Delhi 110 065, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Kumud Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Subhash Ghai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolutions as "Ordinary Resolutions".

"Resolved that Shri Luv Malhotra who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as a Director not retireable by rotation.

Resolved further that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of the Company be and is hereby accorded to the appointment of Shri Luv Malhotra as Executive Director of the Company for a period of 5 years from 22nd September, 2000 to 21st September, 2005 on the terms and conditions contained herein below and approved by the Board on 22nd September, 2000 and 28th July, 2001.

TERMS AND CONDITIONS :

- | | |
|-------------------------|--|
| Salary | - Rs.50,000/- per month in the scale of 50000-50000-80000. |
| Housing | - House Rent Allowance of Rs.20,000/- per month. |
| Company's Car | - A Company's Car with a driver for Company's Business. |
| Telephone | - Free Telephone facility at residence. Personal Long Distance calls shall be billed by the Company. |
| Leave Travel Concession | - Rs.50,000/- per annum. |
| Other benefits | - As per Company's Rules. |

However, the overall remuneration including sitting fees and other benefits will not exceed 5% of the net profit or Rs. 1,50,000/- per month if the company has no profits or its profits are inadequate as stipulated under Schedule XIII of the Companies Act, 1956.

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered by inserting new Article No.53A after the existing Article No.53 in the manner as given hereunder:

CHL Limited**53A. DEMATERIALISATION OF SECURITIES****(1) DEFINITIONS**

For the purpose of this Article :

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force.

"Bye -Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"Debentureholder" means the duly registered holders from time to time of the debentures of the Company.

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meaning respectively assigned to them in that Act.

COMPANY TO RECOGNIZE INTEREST IN DEMATERIALIZED SECURITIES UNDER DEPOSITORIES ACT.

Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modifications thereto or re-enactment thereof.

DEMATERIALIZATION OF SECURITIES

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialise its securities held in the depositories and / or offer its fresh securities in a dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any.

OPTIONS TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH DEPOSITORY

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.



SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM

All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 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.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- (a) 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.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.
- (c) 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 his securities which are held by a Depository.

BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall have at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

DEPOSITORY TO FURNISH INFORMATION

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

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 information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of security to the Beneficial Owner or the transferee as the case may be.

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.

PROVISION OF ARTICLES TO APPLY TO SHARES HELD IN DEPOSITORY

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

ALLOTMENT OF SECURITIES DEALT WITH IN 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.

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DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided.

Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

REGISTER AND INDEX OF BENEFICIAL OWNERS

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialized form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

REGISTER OF TRANSFERS

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

OVERRIDING EFFECT OF THIS ARTICLE

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Article of these presents".

By order of the Board of Directors

New Delhi
JULY 28, 2001

G. MANI
COMPANY SECRETARY

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST REACH THE COMPANY AT ITS REGD. OFFICE ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ATTACHED HEREWITH.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and the Share Transfer Books shall remain closed from 19th September 2001 to 21st September 2001 (both days inclusive).
5. Members are requested to notify immediately any change in their address to the Company's Share Transfer Agents - M/s RCMC Share Registry (P) Ltd., 1515 (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, New Delhi 110 003.
6. Those shareholders who have not so far encashed or received the dividend warrants for 4 years from 1995-96 to 1998-99 are requested to approach the Company Secretary for revalidation/issue of duplicate dividend warrants.
7. Non-Resident Indian Shareholders are requested to inform the Company, if not already done:
 - a) Change in their residential status on return to India for permanent stay.
 - b) NRE Bank Account particulars to enable the Company to send their dividend warrants to the respective NRE Accounts.



8. To facilitate trading in demat form, the Company has entered into agreement with both the Depositories in India, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders have now the option to hold the shares either in physical or in electronic mode.
9. Members wishing to seek further information or clarification on the Accounts or the operations of the Company at the meeting are requested to send their queries atleast a week in advance of the meeting to the Company Secretary.
10. Members are requested to bring their copy of the Annual Reports to the Meeting as no extra copy will be provided at the meeting.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

Shri Luv Malhotra who was earlier working as General Manager (Coordination) was appointed as Additional Director by the Board of Directors in their meeting held on 22nd September, 2000 on wholetime basis with the designation of Executive Director on the terms and conditions indicated under Special Business (Item 5 of the Notice) to hold office upto the date of the AGM but shall be eligible for appointment by the Company as a Director at the Meeting. Shri Luv Malhotra is functioning effectively as Executive Director with effect from 22nd September, 2000 and the Board in their meeting held on 28th July, 2001 has approved his tenure of appointment as Executive Director for 5 years w.e.f. 22nd September, 2000, subject to the shareholders' approval.

Accordingly the resolutions at Item No.5 of the notice are proposed to be passed as Ordinary Resolutions by the shareholders.

The Board commends the resolutions for shareholders' approval.

The above may also be treated as an abstract of the agreement between the Company and Shri Luv Malhotra pursuant to Section 302 of the Companies Act, 1956.

Apart from Shri Luv Malhotra, Shri L K Malhotra, CMD, Shri B N Malhotra, Shri D V Malhotra, Shri A K Malhotra and Shri Kumud Malhotra, Directors who are related to Shri Luv Malhotra may be deemed concerned or interested in the resolutions under Item No.5.

ITEM NO. 6

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956 relating to issue, holding, transfer and transmission of shares and other securities have been amended to facilitate implementation of new system.

It is proposed to amend the Articles of Association of the Company suitably to incorporate therein necessary provisions relating to the Depository System.

The Board commends the resolution for approval of the shareholders.

None of the Directors are interested or concerned in the proposed resolution.

By order of the Board of Directors

New Delhi
JULY 28, 2001

G. MANI
COMPANY SECRETARY

CHL Limited**DIRECTORS' REPORT
TO THE MEMBERS OF
CHL LIMITED**

Your Directors have pleasure in presenting their 22nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in lacs) <u>2000-2001</u>	(Rs. in lacs) <u>1999-2000</u>
Sales	2525.60	2550.77
Other Income	<u>81.77</u>	<u>107.21</u>
TOTAL :	2607.37	2657.98
Total Expenses	<u>2414.12</u>	<u>2232.30</u>
Gross Profit before interest, Depreciation & Tax	193.25	425.68
Finance Charges	113.02	51.53
Depreciation	<u>274.10</u>	<u>265.00</u>
Profit/(Loss) before Tax	(193.87)	109.15
Provision for Taxes	<u>1.21</u>	<u>36.59</u>
Net Profit/(Loss) for the year	(195.08)	72.56
Less :		
Provision for Taxation of earlier years	—	7.17
Add :		
Provision for Taxation written back	<u>9.01</u>	<u>—</u>
Net Profit/(Loss)	(186.07)	65.39
Profit/(Loss) brought forward from previous year	566.00	513.80
Profit available for appropriation	379.93	579.19
APPROPRIATIONS :		
Tax on Dividend pertaining to 1998-99	—	2.19
Reserves		
General Reserve	—	—
Foreign Exchange Earning Reserve	—	11.00
Balance carried to Balance Sheet	<u>379.93</u>	<u>566.00</u>

**DIVIDEND**

Your Directors regret their inability to propose any dividend in view of loss in the year under review.

PERFORMANCE

During the year under review, the percentage of occupancy had gone up from 39 to 53 and the revenue from operation increased by 16%. However, due to decrease in business centre activities, the license fee had come down substantially. Your company had undertaken major renovations of the Hotel including the Lobby, Banquet, Health Club and other areas to make the property one of the best in the capital, to attract more tourists and business visits. As the Hotel has a new look with these renovations, the occupancy is expected to pick up in the coming seasons, after the recession in the economy is over.

Sales and other income for the year 2000-2001 amounted to Rs.2607 lacs as against Rs.2658 lacs achieved during the previous year. The decrease in the revenue is due to reasons explained in the preceding para. The gross operating profit has come down to Rs. 193.25 lacs from Rs.425.68 lacs due to increase in selling expenses on account of new franchise and renovation expenses. The net loss after tax and other adjustments amounted to Rs.186 lacs against Rs.65 lacs profit for the previous year.

PROSPECTS

The current year 2001-2002 has not shown any substantial improvement so far in the business visits and tourist arrivals and the occupancy level particularly in the Five Star Deluxe Category Hotels continues to be at a very low level. The turnover for the first 3 months from April to June 2001 was Rs.610.58 lacs compared to Rs.530.02 lacs in the corresponding quarter of last year.

BUSINESS DEVELOPMENT (NEW PROJECT)

Your Company is setting up a Hotel Cum Commercial Complex in Dushanbe (Tajikistan). A new Company - CHL International - has been incorporated in Dushanbe with two more promoters. The company has taken possession of the land allotted for the project, and construction of the Hotel Complex will be taken up shortly after completing other formalities like approval of Project Report and tying up financial arrangements, after getting approvals from RBI and other Government Authorities.

DIRECTORS

At the Board Meeting held on 22nd September, 2000, Shri D V Malhotra stepped down as Chairman of the Company. He, however, continues to be associated with the Company as a Director. The Board places on record its warm appreciation of the invaluable contribution made by Shri D V Malhotra as Chairman.

In the same meeting, Shri L K Malhotra who was earlier Vice Chairman & Managing Director, was elected unanimously as Chairman & Managing Director.

The Board also unanimously approved the induction of Shri Luv Malhotra, who was General Manager (Coordination), as an Additional Director on full time basis with the designation as Executive Director to hold office upto the date of the ensuing AGM of the Company but shall be eligible for appointment by the Company as a Director at this meeting. A notice has been received from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri Luv Malhotra as a Director of the Company. The Board recommends the appointment of Shri Luv Malhotra as Executive Director for a term of 5 years from 22.9.2000 to 21.9.2005 on the terms and conditions indicated under item 5 of the notice.

Shri Kumud Malhotra and Shri Subhash Ghai retire by rotation and being eligible, offer themselves for reappointment.

CHL Limited

APPOINTMENT OF REGISTRAR & TRANSFER AGENTS

Your Company has appointed M/s RCMC Share Registry Private Ltd. as Registrar & Transfer Agents in place of M/s Competent Management Services (P) Ltd. who have discontinued to be our Registrars. Their address is given in the notice. Shareholders may kindly contact them for transfer, change of address etc.

DEMATERIALISATION OF SHARES

Your Company's shares have been admitted into the Depository Systems of National Securities Depositories Ltd. and Central Depositories Services (India) Ltd. M/s RCMC Share Registry Ltd. are our Registrar & Transfer Agent - Electronic Mode. The shareholders have now the option to hold the shares either in physical or in electronic form.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm that:

- (i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) Accounting policies have been applied consistently.
- (iii) Directors have taken proper and sufficient care for maintenance of adequate accountancy records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

As per the Listing Agreement with Delhi Stock Exchange, where your Company's shares are listed, clause 49 of the agreement is required to be implemented by our Company within the financial year 2001-2002 but not later than March 31, 2002. Accordingly your Company has started implementing the agreement and details of clauses implemented are given hereunder:

Your Company has been practising the principle of good corporate governance right from the inception and the Board of Directors lay strong emphasis on transparency, accountability and integrity.

BOARD OF DIRECTORS

The existing Board has eight Directors including the Chairman & Managing Director and Executive Director. The Directors have wide and varied experience in their respective field of activity and function very effectively as a team.

ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING IS AS UNDER:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM Held on 22.9.2000
1. Mr. L K Malhotra	Chairman & M.D. (Interested)	5	Yes
2. Mr. D V Malhotra	Director - Interested	5	Yes
3. Mr. O P Bajaj	Director - Independent	3	Yes
4. Mr. B N Malhotra	Director - Interested	3	Yes
5. Mr. A K Malhotra	Director - Interested	5	Yes
6. Mr. Kumud Malhotra	Director - Interested	3	Yes
7. Mr. Subhash Ghai	Director - Independent	1	No
8. Mr. Luv Malhotra	Executive Director - Interested	3	No