

CHL LIMITED

ANNUAL **R**EPORT
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CROWNE PLAZA®

SURYA NEW DELHI

NEW FRIENDS COLONY, NEW DELHI-110 065

CHL LIMITED**24th Annual General Meeting**

Date : 16th August, 2003
 Day : Saturday
 Time : 11.00 a.m.
 Place : Registered Office
 Hotel Crowne Plaza Surya
 New Friends Colony
 New Delhi-110 065

BOARD OF DIRECTORS

Mr. L. K. Malhotra (Chairman & Managing Director)
 Mr. D. V. Malhotra
 Mr. B. N. Malhotra
 Mr. O. P. Bajaj
 Mr. A. K. Malhotra
 Mr. Kumud Malhotra
 Mr. Subhash Ghai
 Mr. Luv Malhotra (Executive Director)
 Mr. Harish C. Bhasin
 Mr. R. C. Sharma (Additional Director)

Company Secretary

Mr. R. Venkatesan

Auditors

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

Bankers

State Bank of India
 Standard Chartered Bank
 Lord Krishna Bank Ltd.
 Jammu & Kashmir Bank Ltd.
 ICICI 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 : 91-11-2683 5070
 Fax : 91-11-2683 7758
 E-mail : cosmohtl@del2.vsnl.net.in

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NOTICE:

NOTICE is hereby given that the 24th Annual General Meeting of the members of CHL Limited will be held on Saturday, the 16th August, 2003 at 11.00 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 2003 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 Mr. D V Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A K Malhotra, 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. **Appointment of Mr. Ramesh Chander Sharma as Director in accordance with the provisions of Section 257 of the Companies Act, 1956.**

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

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ramesh Chander Sharma who was appointed as an Additional Director and who holds office upto the date of this Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation.

6. **Increase in Remuneration of Mr. L K Malhotra, Chairman & Managing Director for the remainder of his tenure.**

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

RESOLVED THAT in partial modification of Resolution No.5 passed in 21st Annual General Meeting dated 22-9-2000 approving the appointment and terms of remuneration of Mr. L K Malhotra, Chairman & Managing Director of the company and in accordance with the provisions of Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and subject to the limits prescribed under the Act and also subject to such approvals as may be necessary, the Company hereby approves the variation in terms of remuneration as under:

Basic Salary	Rs.2,00,000 per month
House Rent Allowance	Rs. 75,000 per month
Facilities & Amenities such as Gas, Electricity, Water, House Furnishings and repairs	Rs. 25,000 per month

CHL LIMITED

Commission	To be paid within the overall limit of 5% of the net profits in a financial year computed in the manner laid down under Section 349 of the Companies Act, 1956.
Medical Reimbursement	Expenses incurred for self and family subject to ceiling of Rs.1,00,000/- p.a.
Leave Travel Concession	For Self & Family once a year, subject to ceiling of Rs.1,00,000/- p.a.
Club Fees	Maximum of two clubs not including admission and life membership fees.
Personal Accident Insurance	Premium not to exceed Rs.10,000/- p.a.
Car & Telephone	Company's car with driver for Company's business. Official telephone facility at residence. Personal long distance telephone calls shall be billed by the company.

Provident Fund, Gratuity, Encashment of Leave

Company's contribution to Provident Fund, Gratuity, encashment of leave at the end of tenure to the extent these either singly or together are not taxable under the Income Tax Act, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

Minimum Remuneration

Notwithstanding anything herein, wherein, in any financial year during the currency of the tenure of the Chairman & Managing Director, the company has no profits or its profits are inadequate, the company will pay minimum remuneration of Rs.3,00,000 per month by way of Salary, Commission, allowances and perquisites as admissible under the Companies Act, 1956 or as per the amended limits of the Act in force from time to time.

FURTHER RESOLVED that the Board of Directors be hereby specifically authorized to, at any time, alter and vary the terms and conditions of the remuneration to be paid in case of absence or inadequacy of profits, in such manner but so as not to exceed the limits specified in Schedule XIII read with Sections 198, 309 and other applicable provisions, if any, of the Act or any amendments thereto or re-enactments thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution.

7. Appointment of Mr. Kunal Malhotra, relative of Director as Corporate Manager (Co-ordination)

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

Resolved that pursuant to Section 314 and other applicable provisions of the Companies Act, 1956, and subject to Central Govt. Approval, if any, consent of the shareholder be and is hereby accorded to the appointment of Mr. Kunal Malhotra, relative of Director to continue and hold an office or place of profit under the company as Corporate Manager (Co-ordination), Grade E-3 on a Basic Salary of Rs.10,750/- per month



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with effect from 01-03-2003 to 31-05-2003 and with effect from 01-06-2003 on a Basic Salary of Rs.17,500/- (E-4 Grade) as per company pay scales and rules.

New Delhi
July 11, 2003

By order of the Board
R. Venkatesan
Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself. A proxy need not be a Member of the Company. Proxy Forms must reach the Company's registered office at least 48 hours before the time fixed for the meeting.
2. The Register of Members & Share Transfer Books of the Company will remain closed from 12th August 2003 to 16 August 2003 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto.
4. Members are requested to notify immediately changes, if any, in their respective addresses quoting their *Folio Numbers to the Company's Share Transfer Agents-M/s RCMC Share Registry (P) Ltd, 1515, (1st Floor) Bhisham Pitamah Marg, Kotla Mubarakpur (Near South Extension), New Delhi - 110 003.*
5. As per the provisions of Companies Act, 1956 dividends which remain unpaid or unclaimed for a period of 7 years in the Unpaid Dividend Account for the respective financial year of the Company is to be transferred to the Investor Education and Protection Fund of the Central Government. Thereafter, shareholders would not be able to lodge claims for the unencashed dividends.
6. Under the provisions of the Companies Act, 1956, members may file Nomination Forms in respect of their shareholdings. Any Member willing to avail of this facility may submit to the Company the prescribed Form 2B or write to/contact the Company Secretary in this respect.
7. Members wishing to seek further information on the Accounts or the operations of the Company at the meeting are requested to send their queries at least a week in advance of the date of the meeting to the Company Secretary.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956**Item No. 5**

Mr. Ramesh Chander Sharma, who is a retired IPS officer with service of more than 30 years, was appointed by the Board of Directors as an Additional Director of the company w.e.f. 30.04.2003. Mr. Sharma holds office upto the date of this Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956. The company has received a notice in writing from a member proposing the candidature of Mr. Sharma for the office of Director under the provisions of Section 257 of the Act, along with the required deposit amount.

Mr. Sharma is aged 63 years and retired as Director of Central Bureau of Investigation. He has rich and vast experience in the fields of public administration and information technologies, which can be harnessed by the company for its business development and growth. He is also a director in Sir Shadilal Enterprises Ltd., Delhi.

Your Directors recommend approval of this resolution. None of the Directors other than Mr. Sharma are concerned or interested, in any way, in the resolution.

CHL LIMITED**Item No. 6**

As the members are aware, Mr. L K Malhotra was appointed as the Managing Director of the Company pursuant to the provisions of Section 269, 309 and other applicable provisions of the Companies Act, 1956 for the period from July 15, 2000 to July 14, 2005 on the terms and conditions as approved by the members at the 21st Annual General Meeting of the company.

Mr. L K Malhotra has been associated with the company as Director right from its inception in 1982 and is one of the major promoters of this company. In view of the onerous responsibilities of the Managing Director at par with similar post in the industry and the sizable scale of operations of the company, the revision of the monthly remuneration being paid to the Chairman & Managing Director, was considered by the Board in their meeting of 30.04.2003 in accordance with the recently amended Schedule XIII of the Companies Act, 1956.

The members have, as per provisions of Section 302 of the Act, already been intimated of the terms of the proposed revised remuneration approved by Board on 30-4-2003 as per the recommendations of the Remuneration Committee of Directors held on the same date. The revised remuneration payable to Mr. L K Malhotra, Chairman & Managing Director is w.e.f. April 1, 2003 till the remainder of his tenure and is subject to approval of the Shareholders at this Annual General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors other than Mr. L K Malhotra are concerned or interested in the revision in remuneration.

Item No. 7

Mr. Kunal Malhotra was appointed as Corporate Manager (Co-ordination), Grade E-3 on a Basic Salary of Rs.10,750/- per month with effect from 01-03-2003 (and w.e.f. 01-06-2003 in Grade E-4 on a Basic Salary of Rs. 17,500/- per month). He is the son of Mr. N.K. Malhotra, relative of Directors.

Mr. Kunal Malhotra is 23 years of age and has graduated as a Bachelor of Science in Business Administration with specialisation in Marketing from Boston University School of Management in Boston, USA in the year 2001.

The terms and conditions of the appointment of Mr. Kunal Malhotra are placed for the approval of the shareholders at this Annual General Meeting of the company as per the provisions of the Section 314 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

Mr. O.P. Bajaj, Mr. H.C. Bhasin, Mr. Subhash Ghai and Mr. R.C. Sharma, Directors are not concerned or interested in the resolution.

New Delhi
July 11, 2003

By order of the Board
R. Venkatesan
Company Secretary

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

Your Directors present their 24th Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS & OPERATIONAL PERFORMANCE

	(Rs. in lacs) <u>2002-2003</u>	(Rs. in lacs) <u>2001-2002</u>
Sales	2646.78	2141.70
Other Income	107.52	92.07
Total Income	2754.30	2233.77
Total Expenses	2229.41	2310.88
Gross Profit/(Loss) before interest, Depreciation & Tax	524.89	(77.11)
Less : Finance Charges	192.74	166.40
Less : Depreciation	241.10	290.53
Less : Deferred Revenue Expenditure	3.04	3.03
Profit/(Loss) before Tax	88.01	(537.07)
Less : Provision for Taxes	27.20	1.47
Net Profit/(Loss) for the year	60.81	(538.54)
Add : Depreciation written back	217.13	
Add : Profit/(Loss) brought forward from previous year	(158.61)	379.93
Profit / (Loss)	119.33	(158.61)

Your Directors have not proposed any dividend for the year.

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2. MANAGEMENT DISCUSSION AND ANALYSIS:**(a) Industry Structure and Development, future prospects, risks & concerns**

The Business confidence level of the hotel industry in India is still low at the moment. FHRAI conducts Business Confidence Survey every year in the month of June & December taking a quick opinion poll from hotels across the country. As per the survey, hotels expects the confidence level to go up during the current financial year and one is confident of having a good winter season from October 2003 to March 2004. The domestic occupancy level is also showing an upward trend.

(b) A Profile of the business unit:

Hotel Crowne Plaza Surya, a 5-Star Deluxe Hotel owned by CHL Limited, is located at New Friends Colony in South Delhi at a distance of 20 minutes drive from Delhi's prime commercial center, Connaught Place and 40 minutes drive from the domestic airport. The Hotel is a member of the Inter Continental Hotels Group, the leading global hotel company.

Crowne Plaza Surya offers international service finely entrenched in the age-old Indian tradition. It has 182 superior rooms, 11 deluxe suites and 2 presidential suites. The Hotel has been designed exclusively for the business travellers, keeping in mind the modern needs and comforts of the businessman.

The Hotel offers a gastronomic treat with an array of the finest food and beverage facilities:- Seven, the recently opened interactive restaurant serving traditional Indian Food in a contemporary style with seven different cooking techniques under one roof; Sampan, 94 cover restaurant for authentic Cantonese and Szechwan Specialties with a live band and a panoramic roof top view of the city; Le café, the 24 hour multi cuisine restaurant; one can enjoy the world's finest liquors and spirits at the Atrium Lounge Bar; Mirage, our discotheque; Club one, the Fitness Centre which offers a full fledged ayurvedic treatment center cum spa, physical therapy, Cardiopulmonary rehabilitation and weight control programs.

Crowne Plaza Surya promises international standards of comfort and luxury taking care of every conceivable need of each traveller / businessman.

(c) Internal Control System and their adequacy

In the opinion of the management, the internal control systems are adequate. Internal checks, interdependence of jobs responsibilities ensure joint discussions and approvals before any financial commitment is made. Further, periodic audits by internal and statutory audits and regular meetings of the Audit Committee of Board of Directors wherein financial matters are discussed reinforce the impact of Internal Controls.

(d) Financial and Operational performance

The present scenario in the Hotel Industry is one of cut throat competition. The income spread is becoming marginal. The second half of the previous year witnessed some upward trend of market and thus the company could manage to achieve profits in the year.

The Company's financial performance has been in line with the general trend in Hotel Industry. The total revenue was Rs.27.54 crores of which revenue from Hotel Rooms was Rs.11.28 crores and from Food and Beverages etc. was Rs.11.29 crores and the total expenses were Rs.24.22 Crores. The net profit for the year under review is Rs.0.61 Crores as against loss of Rs. 5.39 crores for the previous year. This is due to increase in sales and controlling the cost in each area.


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(e) Human Resources and Industrial Relations

The HRD Department of the hotel looks after the training requirements for general management, kitchens and housekeeping. The company has paid attention to recruitment and development of all categories of staff. The industrial relations between the employees and the Company continue to be cordial and your Directors wish to place on record their appreciation for the contribution made by the employees at all levels.

3. STATUS OF PROJECT IN TAJIKISTAN

CHL has been pursuing its project of setting up a Hotel cum commercial complex in Dushanbe. Land for the project has already been given by the Tajikistan Government. Project design and drawings have been approved and permission to start construction has been given by the concerned Tajik authorities.

Mr. Zukhrudin, Chairman, Committee for Architecture and Construction, Government of Tajikistan has suggested that CHL could start the project with setting up of the Commercial complex to begin with which will not require large funds and could be managed by CHL internally, without external financing and which will give immediate returns. Hotel construction could follow whenever financing is arranged.

4. DIRECTORS

The Board approved the cooption of Mr. R C Sharma, as an Additional Director, in their meeting of April 30, 2003. He holds office upto the date of the ensuing AGM of the Company and is eligible for election 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 election of Mr. R C Sharma as a Director of the Company. Mr. D V Malhotra and Mr. A K Malhotra being eligible for re-election on retirement by rotation, offer themselves for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956 (Act), the Directors confirm as under:

- (i) that in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) that the accounting policies have been applied consistently, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the accounting year and of the profit of the company for that period.
- (iii) that proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been made.
- (iv) that the annual accounts have been prepared on a going concern basis.

6. Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules 1975, as amended) is given below:

Name of the Employee	-	Mr. L K Malhotra
Designation	-	Chairman & Managing Director
Remuneration	-	Rs.18.25 lacs per annum
Qualification	-	B.A.
Experience	-	38 years
Date of joining	-	15.7.1985
Age	-	59 years
Last Employment	-	Managing Partner, Ashraf & Malhotra, Kuwait

CHL LIMITED

Notes: The appointment is contractual and Gross remuneration comprises of salary, allowances, medical expenses, leave travel assistance and Company's contribution to Provident Fund and is subject to the provisions of Income Tax Act & Rules. Mr. L K Malhotra is related to Mr. D V Malhotra, Mr. A K Malhotra, Mr. B N Malhotra, Mr. Kumud Malhotra and Mr. Luv Malhotra, directors of the Company.

7. AUDITORS' REPORT

As regards Auditor's observations, the notes on accounts are self-explanatory.

8. AUDITORS

M/s G Rai & Co., Chartered Accountants, Auditors of the Company, are retiring at the ensuing Annual General Meeting of the Company, Members are requested to approve their reappointment as Statutory Auditors.

9. PARTICULARS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988**CONSERVATION OF ENERGY**

Your Company has been continuously creating general awareness amongst staff members of the need to conserve energy. The AHUs are being replaced wherever necessary for saving energy. The thermostat-motorised valves are being replaced in the guest rooms along with renovation to achieve better energy conservation. The old electrical fittings are being replaced with new fittings like halogens, compact fluorescent lamps in the guest rooms. As a measure of pollution control and energy saving device your Company has resorted to the use of CNG through pipeline gas for boiler and kitchen and old cooling towers have been replaced with better energy efficient ones. Your Company, being engaged in the operation of a Hotel, details as per Form 'A' are not applicable.

TECHNOLOGY ABSORPTION

Particulars in regard to technological absorption are not applicable. The Hotel operations are environmentally safe and healthy.

FOREIGN EXCHANGE EARNING & OUTGO

During the year under review, your Company earned Foreign Exchange equivalent to **Rs.927.87 lacs** (previous year Rs. 812.76 lacs) and used foreign exchange to the extent of **Rs 72.34 lacs** (previous year Rs. 218.70 lacs)

10. ACKNOWLEDGEMENTS

The Directors acknowledge the continued cooperation and help received from the Financial Institutions, Banks and Central & State Government Departments, especially Department of Tourism. The Directors also wish to place on record the support and confidence reposed in the Management by the employees, shareholders and customers.

For & on behalf of the Board

NEW DELHI
July 11, 2003

(L. K. MALHOTRA)
Chairman & Managing Director