

CHL LIMITED

ANNUAL REPORT
2003 - 2004



CROWNE PLAZA®

SURYA NEW DELHI

NEW FRIENDS COLONY, NEW DELHI-110 065

CHL LIMITED**25th Annual General Meeting**

Date : 3rd September, 2004

Day : Friday

Time : 10.30 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

Company Secretary

Mr. G. J. Varadarajan

Auditors

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

Internal Auditor & Tax Auditors

L.N. Malik & Co.
Chartered Accountants
Ganga Plaza
18/13, W.E.A., Karol Bagh,
New Delhi-110 005.

Bankers

ICICI Bank Ltd.
Jammu & Kashmir Bank Ltd.
Lord Krishna 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
<http://www.crowneplazasurya.com>

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NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the members of CHL Limited will be held on Friday, the 3rd September 2004 at 10.30 A.M. at the Registered Office of the company at Hotel Crowne Plaza Surya, New Friends Colony, New Delhi 110065 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and the Profit and 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. Subhash Ghai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kumud Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. O.P. Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To declare dividend for the financial year ended 31st March 2004
6. 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

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

RESOLVED that in partial modification of Resolution passed in the 22nd Annual General Meeting held on 21st September 2001 approving the appointment and terms of remuneration of Mr. Luv Malhotra, Executive Director of the company for a period of 5 years from 22nd September 2000 to 21st September 2005 and in accordance with the provision of Section 198, 269, 309 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the limits prescribed under the Companies Act 1956 and also subject to such approvals if any, required, the company hereby approves the variation in terms of remuneration for the remaining period of his tenure, as under :

SALARY	: Rs.1,00,000 per month Scale Rs.1,00,000-25,000-2,00,000
ACCOMMODATION	: Leased Accommodation with amenities such as Gas, Electricity, Water, House Furnishing and Repairs, the aggregate monetary value of which being limited to Rs. 1,00,000, for the purposes of which limit, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost.
LTC	: First Class Return airfare for self and family for tour to home country once a year.
COMMISSION, PERQUISITES ALLOWANCES	: To be paid within the overall limit of 5% of the net profit in a financial year computed in the manner laid down in Section 349 of the Companies Act, 1956 This will include inter alia, Commission, House Rent Allowance, Medical reimbursement, Club fees, Personal Accident Insurance, Personal Car Maintenance allowance and other allowances admissible as per rules of the company.
COMPANY CAR & TELEPHONE	: Company's car with driver for Company's Business. Official telephone facility at residence. Personal long telephone distance calls shall be billed by the company.

CHL LIMITED**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.

REMUNERATION IN CASE OF NO PROFIT/INADEQUACY OF PROFITS

Notwithstanding anything herein, wherein in any financial year during the currency of the tenure of the Executive Director, the company has no profits or its profits are inadequate, the company will pay maximum 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 and hereby specifically authorised 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, 310 and other applicable provisions, if any, of the Act or any amendments thereto.

RESOLVED FURTHER that the Board be and is hereby authorised 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.

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

Resolved that in supersession of the resolution passed by the company in the 6th Annual General meeting held on 28th September 1985 , in relation to the exercise of borrowing power, the consent of the company be accorded to the Board of Directors under section 293(1)(d) of the Companies Act 1956, to borrow any sum or sums of money from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, the total amount so borrowed by the Board of Directors, shall not exceed Rs. 75 crores.

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

Resolved that pursuant to the provisions of section 372A and other applicable provisions, if any of the Companies Act, 1956, the Board of Directors of the company be and is hereby authorised to make any loan, give any guarantee or provide security in connection with a loan made by any other persons to, or to any other person by, any body corporate and acquire, by way of subscription, purchase or otherwise the securities of any other bodies corporate in excess of 60% of paid up share capital and free reserves or 100% of free reserves of, the company, whichever is more, in their absolute discretion deem beneficial and in the interest of the company up to the aggregate amount of Rs. 75 crores.

Resolved further that the Board of Directors of the company be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution.

By Order of the Board

G.J. Varadarajan
Company Secretary

New Delhi
July 16, 2004



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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 27th August 2004 to 3rd September 2004 (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 forward their change of address, Bank Account details including 9 digit MICR number appearing on the cheque pertaining to the respective bank account to facilitate distribution of dividend through Electronic Clearing Service (ECS) to the Company/Company's Share Transfer Agent M/s RCMC Share Registry Pvt Ltd, 1515, 1st Floor, Bhisham Pitamah Marg, Kotla, Kotla Mubarakpur (near South Extension), New Delhi-110003
5. The company has already transferred the unclaimed and unpaid dividend, declared for the financial year 1995-96 to Investor Education and Protection Fund established by the Central Government.
6. As per the provisions of the Companies Act 1956, dividends declared for the financial year 1996-97, 1997-98 and 1998-99, 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. Members who have not encashed their dividend warrants pertaining to the aforesaid years, may approach the Company Secretary of the Company at the Registered Office of the Company for revalidation of dividend warrants already dispatched/issue of demand draft in lieu of that. Thereafter, shareholders would not be able to lodge claims for the unencashed dividends.
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 THE COMPANIES ACT 1956**Item No. 7**

Initially, Mr. Luv Malhotra was earlier appointed as General Manager (coordination). He was appointed as an Additional Director by the Board of Directors in the meeting held on 22nd September 2000 with the designation of Executive Director of the company. In the 22nd Annual General Meeting, he was appointed as a director and also as Executive Director of the company pursuant to the provisions of Section 269, 309, 310 and other applicable provisions of the Companies Act 1956 for a period of five years from 22nd September 2000 to 21st September 2005 on the terms and conditions as approved by the members.

During his tenure as Executive Director of the company, the operation of the company has made a significant improvement and the performance of the company would continue to improve further under his leadership. Considering the all-round improvement in the operational and financial performance of the company, the Board of Directors deemed it necessary to revise the remuneration payable to the Executive Director of the company.

CHL LIMITED

The Board of Directors, have therefore, as per the recommendations of Remuneration Committee of the Directors, in their meeting held on 31st October 2003, and 16th July 2004 revised the remuneration of Mr. Luv Malhotra for the remaining period of his tenure of office, subject to the approval of the members of the company, Your Directors, therefore, recommend the resolution for your approval.

This Explanatory Statement together with the accompanying Notice are to be treated as the relevant abstracts of the terms of remuneration under section 302 of the Companies Act 1956.

Mr. Luv Malhotra and Mr. L.K. Malhotra are interested in the Resolution pertaining to the revision of the terms of the remuneration as aforesaid. None of the other Directors are concerned or interested in the Resolution.

Item No. 8

The Shareholders of the company in their 6th Annual General Meeting, have empowered the Board of Directors to borrow money upto to a limit of Rs. 22 crores. In view of the expansion of business and renovation and upgradation of rooms and other premises of the hotel, substantial amount is required to be invested in the business. For this purpose, your company has already initiated action for taking loan from various financial institutions and banks. It is hoped that negotiations on terms and conditions with banks would be finalized in a short period of time. To facilitate the investment in the business of the company, the borrowing powers of the Board should be increased from Rs. 22 crores to Rs. 75 crores. Hence the resolution.

None of the directors are interested or concerned in the resolution.

Item No. 9

Members are aware that your company has undertaken a project of setting up of a Hotel cum commercial complex in Dushanbe, Tajikistan. Land for the project has already been given by the Tajikistan Government. For this project, a separate company under the name of CHL International has already been incorporated in Tajikistan to which your company is one of the promoters. It is intended to invest in the project upto a limit of Rs.50 crores.

Your company is intended to go in for small power project at Shimla as part of diversification. Jirah Small Hydel Power Project has been allotted to M/s Kapil Mohan & Associates which was a non registered organisation to which your company is one of the constituent members. Your company, has decided to implement Jirah Small Hydel Project of 4 MW capacity and it has become necessary to float a company under the name of Kapil Mohan & Associates Hydro Power Private Limited to which your company is one of the promoters. To implement the project, it is required to invest upto a limit of Rs. 25 crores in Kapil Mohan & Associates Hydro Power Pvt Ltd.

None of the directors are interested or concerned in the resolution.

By Order of the Board

G.J. Varadarajan
Company Secretary

New Delhi
July 16, 2004


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

Your Directors are pleased to present their 25th Annual Report together with the Audited Accounts for the year ended 31st March 2004

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

	(Rs in lacs) 2003-2004	(Rs in lacs) 2002-2003
Sales	3,218.69	2,653.68
Other Income	129.06	100.62
Total Income	3,347.75	2,754.30
Less : Total Expenses	2,589.05	2,229.41
Gross Profit before Interest, Depreciation and Tax	758.70	524.89
Less : Finance Charges	137.46	192.74
Depreciation	241.74	241.10
Deferred Revenue Expenditure	3.04	3.04
Profit before Tax	376.46	88.01
Less : Provision for Tax and Deferred Tax	174.97	27.20
Net Profit after Tax	201.49	60.81
Add : Depreciation written back	-	217.13
Add : Profit/(loss) brought forward from previous year	112.77	(158.61)
Profit available for appropriation	314.26	119.33

APPROPRIATIONS
RESERVES

General Reserves	10.10	-
Foreign Exchange Earning Reserve	23.05	6.56

DIVIDEND

Proposed Dividend on equity shares	164.45	-
Tax on proposed Dividend	21.07	-
Balance carried over	95.59	112.77

CHL LIMITED

Sales and other incomes for the year under review aggregated to Rs. 3,347.75 lacs as against Rs. 2,754.30 lacs for the previous year, recording an increase of 21.54%.

Operating profit before depreciation and finance charges is Rs. 758.70 lacs for the year under review as compared to Rs. 524.89 lacs for the previous year, registering an increase of 44.54%.

Net Profit after providing for finance charges, depreciation and tax for the year 2003-04 amounted to Rs. 201.49 lacs compared to Rs. 60.81 lacs for the previous year, showing an increase of 231% over the previous year.

Your company has achieved all round improvements during the year under review and hopes to sustain and improve upon the performance in the years to come.

2. DIVIDEND

The Board recommends a Dividend @ Rs.1.50 per equity share (@15% dividend on the paid up equity share capital) in respect of the Financial Year 2003-04. The Equity Dividend, if approved at the forthcoming Annual General Meeting, will be paid to those Shareholders whose names appear in the books of the Company on 3rd September 2004. As per the provisions of the Income Tax Act 1961, as amended by the Finance Act, 2003, the tax on Dividend will be borne by the Company.

3. DIRECTORS

Mr. Subhash Ghai, Mr. Kumud Malhotra and Mr. O.P. Bajaj are due to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

The hotel business mainly depends upon tourist flow. Already Government of India, is firming up plans to position India as a global brand in the international tourism market. The period January-May 2004, has already registered an impressive growth of 24.9% in foreign tourist arrivals. The present budget focuses on rural and agricultural sectors and the budgetary support will ensure that entire nation gets involved in the development process. Infrastructure once again got a big push with a thrust in the area of airports, ports and tourism which has vast effect on the pushing up of hotel industry. Thus, the business confidence level of the hotel industry for the next financial year is impressive and high. As per the survey, there will be no dearth of flow of foreign tourist. As a result the occupancy level is showing 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 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.

The Hotel has 182 superior and spacious rooms, 11 deluxe suites and 2 presidential suites. The Hotel offers food with quality and style and there is enough variety of food so that one can enjoy and relish. The food is international, contemporary and casual. Seven an interactive restaurant serving traditional Indian food in a contemporary style with seven different cooking techniques under one roof; Sampan the 94 cover restaurant for authentic Cantonese and Szechewan Specialties with a live band and a panoramic roof top view of the city; Le café the 24 hour multi cuisine restaurant; Atrium Lounge Bar one can enjoy the world's finest liquors and sprits; Mirage- Discotheque music played can range from Dj, hip hop to house and trance in one of the advanced acoustic ambience; Club one the fitness center which offers a full fledged ayurvedic treatment center cum spa, physical therapy, cardiopulmonary rehabilitation and weight control programs.

(c) Internal Control Systems 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 and operational matters are discussed reinforce the impact of internal controls. Operational matters are tabled at each Board Meeting.



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(d) Risk and concerns

There is no risks or concerns other than those which are common such as rise in raw material prices, downturn in economy, civil disturbances and warlike situations.

(e) Financial performance with respect to operational performance

Budgetary control on all key operational performance indicators and review of working capital is being exercised for continuous improvement of performance and profitability. The company's financial performance for the year under review is quiet good as compared to last year's performance. The turnover of the company has registered 21.54% more as compared to the previous year's turnover. Operating Profit and Net Profit after Tax for the year under review have an increase of 44.54% and 231% respectively over the previous year's profit. Keeping in view of the performance of the financial year ended 31st March 2004, it is expected that performance in terms of sale and profit would be much higher in the next financial year 2005.

(f) Human Resources and Industrial Relations

The HRD Department of the Hotel looks after the training requirements for general management, kitchen 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 employee at all levels.

(g) Cautionary Statement

Management Discussion and Analysis report to the shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement and as such cannot be construed as holding for any forecast/projection/expectation. Actual results could differ materially from those expressed or implied

5. STATUS OF PROJECT AT TAJIKISTAN

Members are aware that your company is setting up of Hotel cum commercial complex in Dushanbe, Tajikistan. Land for the project has already been allotted by the Government of Tajikistan. Tenders have been invited for the construction of the hotel buildings. Funds for this project are being arranged.

6. HYDRO POWER PROJECT

Government of Himachal Pradesh has allotted several hydro power projects to Kapil Mohan and Associates, to which your company is one of the constituent members. As a part of diversification, your company has decided to implement one power project Jirah Small Hydel Power Project located in Distt Kullu (H.P) for power generation of 4 MW at a total cost of Rs. 25-30 crores approximately. For this purpose, Kapil Mohan & Associates, a non-legal entity is converted into Kapil Mohan & Associates Hydro Power Pvt Ltd to which your company is the main promoter shareholder. In the long run, the entire benefit of the project will accrue to your company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (ii) the accounting policies have been applied consistently, judgments and estimates made are responsible 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 provision 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.

CHL LIMITED**8. INFORMATION IN ACCORDANCE WITH THE PROVISION 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. 48.99 lacs *
Qualification	-	Doctorate
Experience	-	39 years
Date of joining	-	15.7.1985
Age	-	60 years
Last Employment	-	Managing Partner, Ashraf & Malhotra, Kuwait

The appointment is contractual and Gross remuneration comprises of salary, Allowances, medical expenses, leave travel assistance and other perquisites are subject to XIII of the Companies Act 1956 and also subject to the provisions of Income Tax Act and Rules. Mr. L.K. Malhotra is related to Mr. D.V. Malhotra, Mr. A K Malhotra, Mr. B.N. Malhotra, Mr. Luv Malhotra and Mr. Kumud Malhotra, directors of the company.

* Out of Rs. 48.99 lacs. Rs. 12 lacs pertains to arrears of previous year.

9. AUDITORS' REPORT

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

10. AUDITORS

M/s G Rai & Co. Chartered Accountants, Auditors of the company, are retiring at the forthcoming Annual General Meeting of the company and being eligible, offer themselves for reappointment.

11. PARTICULARS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988**Conservation of Energy**

As a measure of pollution control and energy saving device, CNG pipe line gas are used for boiler and kitchen. Energy conservation measures are being meticulously followed to conform to the highest standards. The company has installed energy saving lights and lamps in the public areas. The thrust on energy conservation continues. Your company, being engaged in the hotel business, details as per Form 'A' are not applicable.

Technology Absorption

The company being in the hospitality industry, particulars on technological absorption or expenditure on research and development are not applicable.

Foreign Exchange Earnings and Outgo

During the year under review, your company earned Foreign Exchange equivalent to Rs.1,256.75 lacs (previous year Rs. 927.87 lacs) and used foreign exchange to the extent of Rs.171.51 lacs (previous year Rs. 72.34 lacs).

12. ACKNOWLEDGEMENTS

Your Directors acknowledge the valuable cooperation extended by the various departments of Central and State Governments, especially Department of Tourism, Company's Bankers, customers, suppliers and shareholders during the period under review. The Board take this opportunity to thank all employees of the company at all levels for their commitment and dedication.

For & on behalf of the Board

NEW DELHI
July 16, 2004

L. K. MALHOTRA
Chairman & Managing Director