

# CHL LIMITED

## ANNUAL REPORT 2004 - 2005



### CROWNE PLAZA®

SURYA NEW DELHI



**CHL LIMITED****26th Annual General Meeting**

<b>Date</b>	:	10th September, 2005
<b>Day</b>	:	Saturday
<b>Time</b>	:	11.00 a.m.
<b>Place</b>	:	Registered Office Hotel Crowne Plaza Surya New Friends Colony New Delhi-110 065

**BOARD OF DIRECTORS**

Dr. 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**

Andhra Bank  
 ICICI Bank Ltd.

**Registrar and Share Transfer Agents**

RCMC Share Registry (P) Ltd.  
 1515, (1st Floor), Bhisham Pitamah Marg,  
 Kotla Mubarakpur, New Delhi-110 003  
 Phones : 91-11-2469 2346, 2460 1017, 2464 9720  
 Fax : 91-11-2469 2345 E-mail : rcmc@theoffice.net

**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 26th Annual General Meeting of the members of CHL Limited will be held on Saturday, the 10th September 2005 at 11.00 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 2005 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. B N Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Harish C Bhasin, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D V Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To declare dividend
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 modification(s), the following resolution as a Special Resolution.  
Resolved that Article 78(5) of the Article of Association of the company be and is hereby deleted and in place of the aforesaid Article, the following Article be and is hereby substituted:  
  
78(5). Managing Director/Executive Director/Whole Time Director and Part Time Director/Non Executive Director, of the company shall retire as per the provisions of the Companies Act 1956 and Rules framed thereunder and/or any applicable statute rules/regulations framed from time to time.
8. 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 provisions of Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956, (the Act) consent of the Members be and is hereby accorded to the appointment of Dr. L K Malhotra as Managing Director of the Company for a period of 5 years commencing from 15th July 2005 to 14th July 2010 and to the payment of remuneration and perquisites to him as follows:

**OVERALL REMUNERATION:**

Subject to the provisions of Sections 198, 269 and 309 and other applicable provisions of the Act and modifications/ amendments thereof, if any, the remuneration payable to Managing Director and Executive Director of the company, in any financial year, shall not exceed 10% (ten percent) of the net profits of the company for both of them together. In any financial year, during the tenure of Dr L K Malhotra, if the company has no profits or its profits are inadequate, the remuneration payable to Managing Director shall be as per the Schedule XIII of the Act.

Within the aforesaid ceiling, the remuneration payable to Dr L K Malhotra, shall be as under:

SALARY	:	Rs. 3,00,000 per month
HOUSE RENT ALLOWANCE	:	Rs. 1,00,000 per month
FACILITIES & AMENITIES SUCH AS GAS, ELECTRICITY, WATER HOUSE FURNISHINGS AND REPAIRS	:	Rs. 50,000 per month
COMMISSION	:	To be paid within the overall limit of 10% of the net profit in a financial year computed in the manner laid down under Section 349 of the Companies Act 1956.

**CHL LIMITED**

MEDICAL REIMBURSEMENT	: Expenses incurred for self and family subject to ceiling of one month's salary.
LEAVE TRAVEL CONCESSION	: for Self & Family once a year, subject to ceiling of one month's salary.
CLUB FEES	: Maximum of two clubs not including admission and the 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 the 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 purpose.

Resolved Further that the Board of Directors be and is 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 prescribed 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.

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

Resolved that pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act 1956, a sum not exceeding one per cent of the annual net profit of the company computed in accordance with the provisions of Section 198, 349 and 350 of the said Act, be paid to and distributed by way of commission, amongst ordinary directors of the company (other than the Managing Director and Executive Director) in such amounts or such proportion and in such manner as may be decided by the Board of Directors and such payment shall be made in respect of the profits of the company for each year for a period of five financial years commencing from 1st April 2005.

By Order of the Board

New Delhi  
Date : 22nd July 2005

G.J. Varadarajan  
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 01st September 2005 to 10th September 2005 (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 Agents M/s RCMC Share Registry Pvt Ltd, 1515, 1st Floor, Bhisham Pitamah Marg, Kotla Mubarakpur (near South Extension), New Delhi-110003
5. The company has already transferred the unclaimed and unpaid dividend, declared for the financial year 1996-97 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 1997-98, 1998-99 and 2003-04, 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.

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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 uncashed 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**

As per the Article 78(5) of the Article of Association of the company, at present, the retirement age of Managing Director/whole time Director is on attainment of the age of 65 years and for part time directors 75 years. The Article of Association of the company should be in compactable with the rules/regulations framed/to be framed under the Companies Act 1956 and other applicable statute/law framed/to be framed from time to time. In view of this, it is required to alter/amend the existing Article as aforesaid.

All the directors are interested or concerned in this resolution.

**Item No. 8**

In the 21st Annual General Meeting of the company, Dr L K Malhotra was reappointed as Managing Director of the company for a period of 5 years from 15th July 2000 to 14th July 2005. His tenure has expired on 15th July 2005. Dr. L K Malhotra, has been associating with the company since its inception in 1980. He is one of the major promoters of the company and he is the founding father of the company. Under his sheer direction and guidance, your company has not only progressed but also excelled at par with international standard and the company cannot afford to loose his service. It is desirable to reappoint Dr L K Malhotra, as Managing Director of the company for a further period of five years with effect from 15th July 2005 to 14th July 2010 on the terms and conditions as aforesaid. The remuneration payable to Dr L K Malhotra is within the permissible limits specified by the Companies Act 1956 and commensurate with his responsibilities of heading a company of this size. His remuneration is recommended by Remuneration Committee in their meeting held on 22nd July 2005.

No other directors except Dr. L K Malhotra, Mr. B N Malhotra, Mr. D V Malhotra, Mr. Ashok Malhotra and Mr. Luv Malhotra, are interested in the resolution.

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.

**Item No. 9**

The non-whole time directors of the company devote considerable time for the business of the company and the company is substantially benefits by their expertise and their timely advice. In view of the increasing responsibility over a period of time, it is considered desirable that they should be paid suitable remuneration by way of commission, not exceeding one per cent of the net profits per annum computed in accordance with the provisions of the Act. This remuneration will be distributed amongst the non-whole time directors in accordance with the directions given by the Board.

All the directors of the company, except Dr. L K Malhotra, Chairman and Managing Director and Mr. Luv Malhotra, Executive Director, of the company, may be deemed to be concerned or interested in the aforesaid resolution to the extent of the remuneration that may be received by them.

By Order of the Board

New Delhi  
July 22, 2005

G.J. Varadarajan  
Company Secretary

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

Your Directors are pleased to present their 26th Annual Report together with the Audited Accounts for the year ended 31st March 2005.

**1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE**

Particulars	2004-2005 (Rs in lacs)	2003-2004 (Rs in lacs)
Sales	4,301.20	3,209.08
Other Income	102.13	138.67
<b>Total Income</b>	<b>4,403.33</b>	<b>3,347.75</b>
Less : Total Expenses	3,429.00	2,588.98
<b>Gross Profit before Interest, Depreciation and Tax</b>	<b>974.33</b>	<b>758.77</b>
Less : Financial Charges	147.51	137.53
Depreciation	238.27	241.74
Deferred Revenue Expenditure	3.04	3.04
<b>Profit before Tax</b>	<b>585.51</b>	<b>376.46</b>
Less : Provision for Tax	244.59	30.76
Deferred Tax	(53.01)	144.21
<b>Net Profit after Tax</b>	<b>191.58</b>	<b>174.97</b>
Add : Profit brought forward from previous year	393.93	201.49
	95.58	112.77
<b>Profit available for appropriation</b>	<b>489.51</b>	<b>314.26</b>
<b>APPROPRIATIONS</b>		
<b>RESERVES</b>		
<b>General Reserves</b>	<b>100.00</b>	<b>10.10</b>
Foreign Exchange Earning Reserve	—	23.05
<b>DIVIDEND</b>		
<b>Proposed Dividend on equity shares</b>	<b>164.45</b>	<b>164.45</b>
Tax on proposed Dividend	23.06	21.07
<b>Balance carried over</b>	<b>202.00</b>	<b>95.59</b>

Sales and other incomes for the year under review is to Rs. 4,403.33 lacs as against Rs. 3,347.75 lacs for the previous year, recording an increase of 31.53%.

Operating profit before depreciation and finance charges is Rs. 974.33 lacs for the year under review as compared to Rs. 758.77 lacs for the previous year, registering an increase of 28.41%.

Net Profit after providing tax for the year under review is to Rs. 393.93 lacs as compared to Rs. 201.49 lacs for the previous year, showing an increase of 95.50% over the previous year.

Your company has achieved all round improvements during the year under review when viewed in the context of the challenging environment and hopes to sustain and improve upon the performance in the years to come.


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## 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 under review. 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 10th September 2005. As per the provisions of the Income Tax Act 1961 the tax on Dividend will be borne by the Company.

## 3. DIRECTORS

Mr. B N Malhotra, Mr. Harish C Bhasin and Mr. D V Malhotra are due to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## 4. MANAGEMENT DISCUSSIONS AND ANALYSIS

### (a) Industry Structure and Development, future prospects, risks & concerns

The present budget boosts the infrastructure and rural development and tax reforms. If implemented it would take into the next phase of economic growth, supported by higher rates of savings and investment. As benefits of these new initiatives trickle in, overall economic activity will get a significant push. The Travel and Tourism Industry has shown a remarkable resilience and is set to grow consistently for the foreseeable future. Looking ahead, the forecast for global travel and tourism demand is expected to 5.5% growth per annum and tourism industry in India is expected to 15% annual growth. As the winter season is nearby, more and more foreign tourists will flock to India. As India is gearing for Common Wealth Games, there would not be any dearth of tourist flow in India. Overall economic growth and tourist flow in India will push the Hotel Industry up.

### (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 185 superior and spacious rooms, 33 club rooms, 11 deluxe suites and 1 presidential suite. 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 spirits; 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 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 and operational matters are discussed, reinforce the impact of internal controls. Operational matters are tabled at each Board Meeting.

### (d) Risk and concerns

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

**CHL LIMITED****(e) Financial performance with respect to operational performance**

Budgetary control on all key operational performance indicators and review of working capital are being exercised for continuous improvement of performance and profitability. The company's financial performance for the year under review is quite impressive as compared to last year's performance. The turnover of the company has registered 31.53% 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 28.41% and 95.50% respectively over the previous year's profit. Keeping in view of the performance of the financial year ended 31st March 2005, it is expected that performance in terms of sale and profit would be much higher in the next financial year 2005-2006.

**(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 pays 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.

**(g) Cautionary Statement**

Management Discussion and Analysis report to the shareholders is in compliance with the Corporate Governance incorporated in the Listing Agreement and as such cannot be construed as our 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. Permission to start construction has been obtained from Tajikistan Government. Pile foundation of the Hotel Building has already been started and is progressing. Pile casting work will be completed by end of August 2005.

**6. HYDRO POWER PROJECT**

Members are aware that last year it was decided to take up a hydro power project of 4 MW at Himachal Pradesh. It would be better to go in for some medium sized Power Project of about 50 to 100 MW instead of small one and hence the hydro power project of 4 MW has not been initiated. Efforts are being made to identify a medium Power Project in the Northern India.

**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, judgements 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.



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**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	Age	Designation	Remuneration (Rs in lac)	Qualification	Experience	Date of Joining	Last Employment
Dr. L K Malhotra	61	CMD	38.88	Phd	40 years	15.7.1985	Managing Director Ashraf & Malhotra, Kuwait
Mr. Luv Malhotra	32	ED	19.76	Master Degree in economics from U K	7 Years	11.09.98	GM (coordination)

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

**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 pipeline 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.2, 115.53 lacs (previous year Rs. 1,256.75 lacs) and used foreign exchange to the extent of Rs.269.03 lacs (previous year Rs. 171.52 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 takes this opportunity to thank all employees of the company at all levels for their commitment and dedication.

Your Directors look forward to the bright future in confidence.

For and on behalf of the Board

New Delhi  
July 22, 2005

Dr. L.K. Malhotra  
Chairman & Managing Director