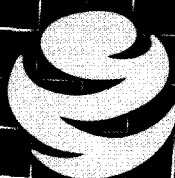


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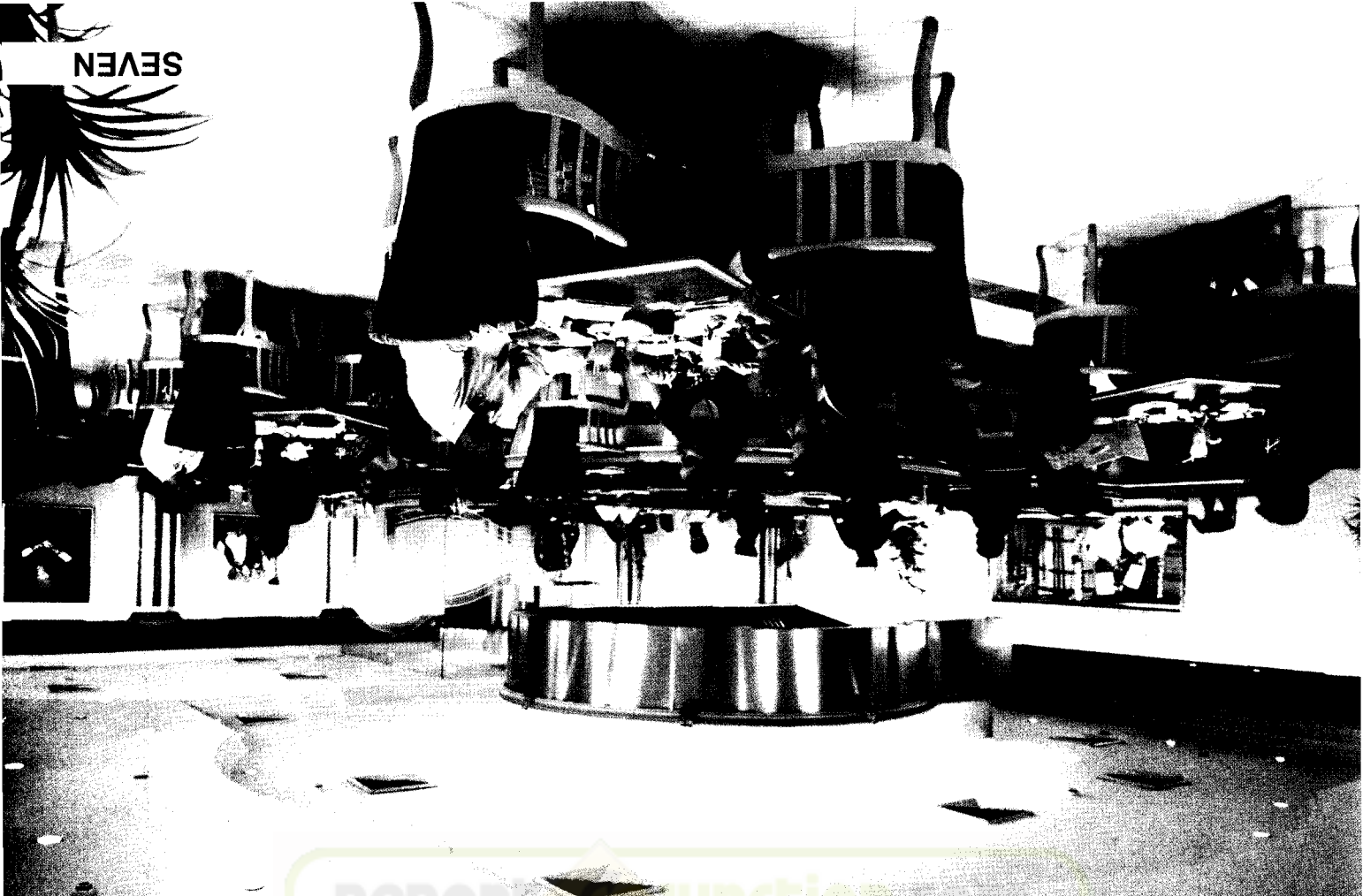


**ICHL LIMITED**

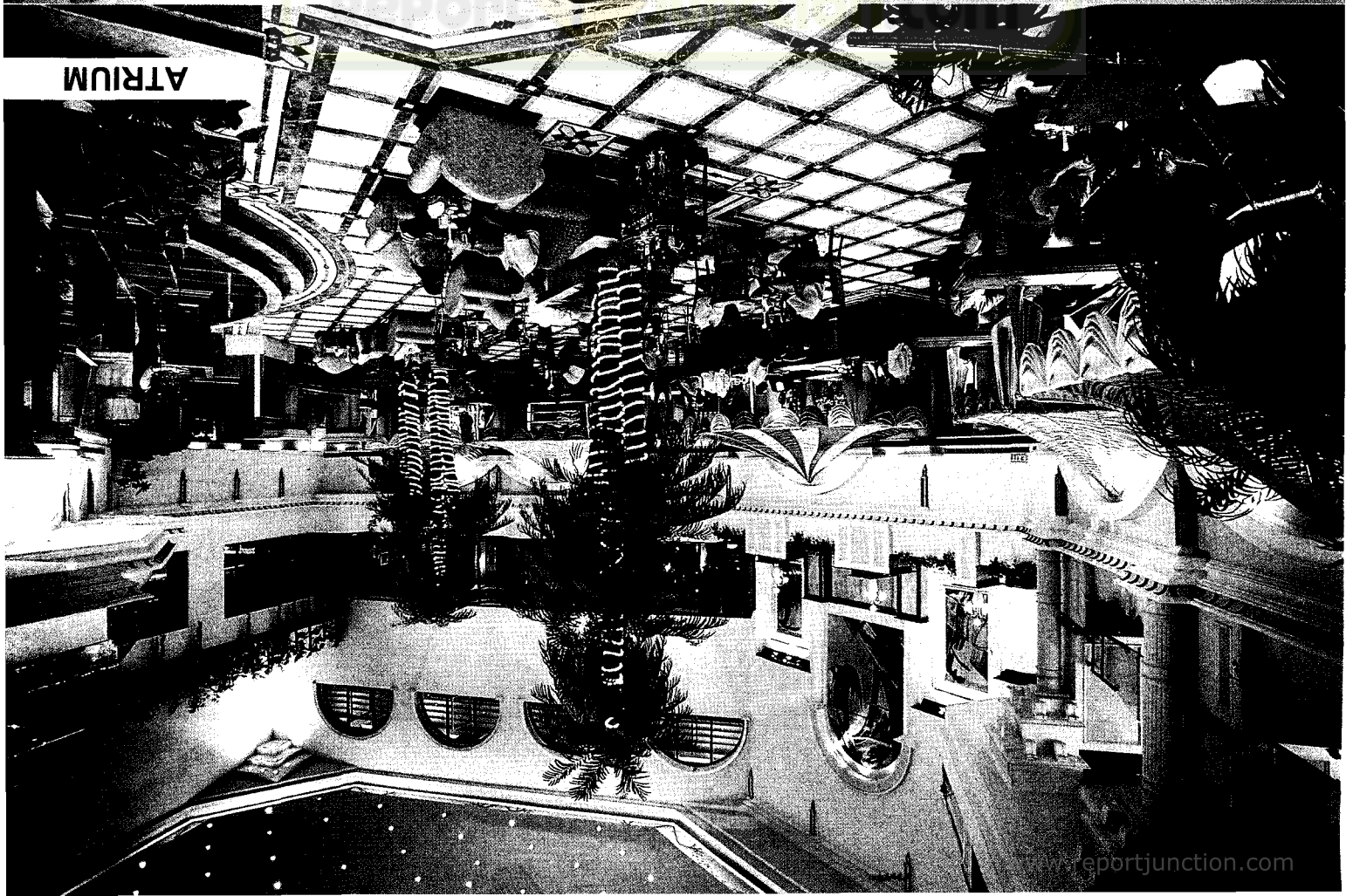
**ANNUAL REPORT  
2005 - 2006**



SEVEN



ATRIUM



**27th Annual General Meeting**

Date	:	27th September, 2006
Day	:	Wednesday
Time	:	10.30 a.m.
Place	:	Registered Office Hotel Crowne Plaza New Friends Colony New Delhi-110 025

**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

**Statutory 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.  
HSBC Bank Ltd.

**Registrar and Share Transfer Agents**

RCMC Share Registry (P) Ltd.  
1515, (1st Floor), Bhisham Pitamah Marg,  
Kotla Mubarakpur, New Delhi-110 003  
E-mail : rcmc@theoffice.net

**Regd. Office**

Hotel Crowne Plaza  
New Friends Colony  
New Delhi-110 025  
Phone : 91-11-2683 5070, 4167 2222  
Fax : 91-11-2683 7758, 26836288  
E-mail : cosmohtl@del2.vsnl.net.in  
crowneplaza@crowneplazadelhi.com  
<http://www.crowneplazadelhi.com>

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## NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the members of CHL Limited will be held on Wednesday, the 27th September 2006 at 10:30 AM at the Registered Office of the company at Hotel Crowne Plaza, New Friends Colony, New Delhi 110 025 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 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. R.C. Sharma, 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 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.
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 an Ordinary Resolution :**

RESOLVED that the Authorised Share Capital of the company be increased from Rs. 15 crore (Rs. Fifteen crore only) divided into 1,35,00,000 (One crore Thirty Five Lacs only) equity shares of Rs. 10/- (Rs. Ten only) each and 1,50,000 (One Lac Fifty Thousand only) 13.5% Cumulative Redeemable Preference shares of Rs. 100/- (Rs. One Hundred only) each to Rs. 30 crore (Rs. Thirty crore) divided into 3,00,00,000 (Three Crore ) Equity shares of Rs. 10/- each.

RESOLVED further that the existing Clause V of Memorandum of Association of the company be and is hereby altered by substituting the following Clause V.

V. The Share Capital of the company is Rs. 30,00,00,000 (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity shares of Rs. 10/- (Rs. Ten) each.

8. **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 provision of section 31 and other applicable provisions, if any of the Companies Act 1956, the existing Articles of Association be and are hereby altered by substituting the existing Article 3 by the following new Article 3.

3. The Share Capital of the company is Rs. 30,00,00,000 (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity shares of Rs. 10/- (Rs. Ten) each.

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

Resolved that in partial modification of the Resolution passed in the 26th Annual General Meeting of the company, held on 10th September, 2005, consent of the members be and is hereby accorded to the variation in terms of remuneration payable to Dr. L.K. Malhotra, Chairman and Managing Director of the company, as under:

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 the Managing Director shall be as per the Schedule XIII of the Act.



Within the aforesaid ceiling, the remuneration payable to Dr. L.K. Malhotra, Chairman & Managing Director shall be as under with effect from 1st August 2006:

Basic Salary	: Rs. 5,00,000 per month
House Rent Allowance	: Accommodation with amenities such as Gas Electricity Water, House Furnishing and Repairs, the aggregate monetary value of which being limited to 60% of basic salary per month for the purpose 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.
Commission	: To be paid within the overall limit of the net profit 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 a ceiling of one month's salary
Leave Travel Concession	: for Self & Family once a year, subject to a ceiling of one month's salary.
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 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 in 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.

**10. 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, Mr. Luv Malhotra be and is hereby re-appointed as Executive Director of the company for a period of 5 years commencing from 22nd September 2005 to 21st September 2010 and the payment of remuneration and perquisites to him shall be as under :-

Basic Salary	: Rs. 2,00,000 per month
House Rent Allowance	: Accommodation with amenities such as Gas Electricity Water, House Furnishing and Repairs, the aggregate monetary value of which being limited to 60% of basic salary per month for the purpose 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.
Commission	: To be paid within the overall limit of the net Profit 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 a ceiling of one month's salary

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#### 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 Mr. Luv Malhotra, if the company has no profits or its profits are inadequate, the remuneration payable to the Executive Director shall be as per the Schedule XIII of the Act.

Resolved Further that the Board of Directors be and in 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.

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

RESOLVED that pursuant to sections 81 and 81(1A), and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, the Articles of Association of the Company, and the listing agreements entered into by the company with the Stock Exchange, where Shares of the Company are listed and subject to such approvals, consents, permissions and/or sanctions as may be required from the Securities and Exchange Board of India (SEBI), Reserve Bank of India and from any other government/appropriate authorities, institutions or bodies (hereinafter individually/collectively referred to as the "concerned authorities") and subject to such conditions if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any committee(s) of the Board for the time being, exercising the powers conferred on the Board) be and is hereby authorized and empowered and they shall always be deemed to have been so authorized and empowered on behalf of the Company, to create, offer, issue and allot Equity Shares to be issued under law for the time being in force or any amendments thereto from time to time (hereinafter or referred to as "Securities"), on Right Issue Basis" for cash, as may be decided by the Board upto an aggregate amount not exceeding Rs. 50.00 Crores (Rupees Fifty Crores only) (Inclusive of such premium, as may be fixed on such Securities), to all or any one or more combinations of members/shareholders, promoters, directors, Financial Institutions, Banks, Indian Mutual Funds, Foreign Institutional investors whether registered with SEBI or not (including Non-resident Indians, Foreign Nationals, Overseas Corporate Bodies, Custodian of Overseas Investors by way of GDRs/ADRs), permanent employees and/or workers of the Company (including Indian working directors), Indian Public and/or any other categories of persons, institutions, authorities or sections or otherwise, whether or not such investors are members of the Company, through a Letter of Offer, at such time or times at such price or prices and in such manner and in such number as deemed fit by the Board and on such terms and conditions including as to mode of payment, security, rate of interest, date of entitlement of rights of shares, payment of dividend, conversion and other matters, rights and privileges as may be decided by the Board in its absolute discretion and in the best interest of the Company at the time of such offer, issue or allotment".

RESOLVED further that the Equity Shares issued and allotted as aforesaid, shall be subject to the Memorandum and Articles of Association of the Company and they shall rank pari passu in all respects with the existing equity shares of the company except that they shall be entitled to dividend, if any, which may be declared or paid for the financial year in which they are allotted, which will be in proportion to the amount paid up on the equity shares and pro rata for the period commencing from

the date following the date of allotment till the end of the financial year of the Company unless otherwise agreed by the Board of Directors in specific cases.

RESOLVED further that in the event of any equity shares being issued this resolution shall be deemed to have authorized the Board/ Committee in terms of Sections 81 and 81(1A) and any other applicable provisions of the Companies Act, 1956, as amended from time to time to offer/issue/allot as many Equity Shares of the Company as are required for the purpose on such terms as the Board/Committee may in its sole discretion deem proper.

RESOLVED further that the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alternations as the "concerned authorities" may stipulate in that behalf and to amend, recalculate, modify, vary or alter all or any of the terms of the issue including its size and timing.

RESOLVED further that the Board be and is hereby authorized to enter into and execute any arrangements/agreements or documents with any Lead Manager(s), Manager(s), Underwriter(s), Bankers and with any others with regard to such issue/ offer of securities and to remunerate them on such issue including by way of payment of commission, brokerage, fees or the like.

RESOLVED further that for the purpose of giving effect to all or any of the forgoing, the Board be and is hereby authorized in its absolute discretion as the Board deems fit, inter alia, and from time to time to finalize the Form Letter of Offer, Application form(s) etc., the price of securities and to make or carry out any alterations or modifications to the above and to accept and give effect to such alternations, or modifications, as regards the terms and conditions of the issue as suggested or recommended by any of the concerned authorities or the Lead Manager(s) or capital market intermediaries/agency(ies) without requiring any further approval of the Members and to do all such acts, deeds, matters and things as they may in their absolute discretion, consider necessary, expedient usual or proper or settle any question or remove any difficulty or doubt that may arise with regard to the terms and conditions of the issue including utilisation of the proceeds of the issue and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in this connection and that all or any other powers conferred on the Board vide this Resolution may be exercised by the Board or such Committee(s) thereof as the Board may constitute in this behalf.

RESOLVED further that the Board of Directors of the Company be and are hereby authorised to nominate a Director, any officer of the Company and/or any other person to execute the necessary documents and take all legal and procedural steps to give effect to the aforesaid decision.

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

Resolved that in supersession of the resolution passed by the company in the 25th Annual General Meeting held on 3rd September 2004, in relation to the exercise of borrowing power, the consent of the company be and is hereby 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. 300 crores.

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

Resolved further that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, Consent of the company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging, on such terms and conditions as may be agreed upon, all or any part of the immovable assets of the Company, wheresoever situate both present and future or floating charge on all or any movable properties of the Company, wheresoever situate both present and future (subject to mortgages/charges/hypothecations/created/to be created by the existing lenders) together with the power to take over the management of the business and concern of the Company in certain events in favour of Banks, Financial Institutions, any other Lenders or Debenture Trustees to secure the amounts borrowed/to be borrowed by the Company from time to time for the due payment of the principal together with interest costs, charges, expenses and all other moneys payable by the Company in respect of such borrowings upto a maximum of Rs. 300 Crores (Rupees Three Hundred Crores only).

Resolved further that the Board of Directors (hereinafter referred to as the "Board" which term shall include any "Committee of the Board" for the time being) be and is also authorized to finalise with the secured lenders the documents for creating the aforesaid mortgage and/or charge and to do all such acts and deeds as may be necessary for giving effect to this resolution.

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

RESOLVED that in supersession of the resolution passed by the company in the 25th Annual General Meeting held on 3rd September 2004, the consent of the company be and is hereby accorded to Board of Directors, under section 372(A) of the Companies Act 1956, 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, in their absolute discretion deem beneficial and in the interest of the company up to the aggregate amount of Rs. 300 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**

New Delhi  
Date : July 28, 2006

**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 10th September 2006 to 25th September 2006.
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 1997-98 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 1998-99, 2003-04, 2004-05 and 2005-06 (Interim Dividend) 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 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****Items No. 7 and 8**

At present, the Authorised Share Capital of the Company is Rs. 15 crores, divided into 1,35,00,000 equity shares of Rs. 10/- each and 1,50,000 13.5% preference shares of Rs. 100/- each.

The Board has no plans to issue Preference shares. Consequently, no purpose is being served in keeping a provision for issue of Preference shares as part of the Company's Authorised Share Capital. Accordingly, it is proposed to do away with this provision and merge this portion into the company's Equity Share Capital.

The growth of the Company's operation and expansion require augmentation of resources. Accordingly, Authorised Share Capital of the company is proposed to be increased to Rs. 30 crore divided into 3,00,00,000 Equity shares of Rs. 10/- each.

As per section 94(2) of the Companies Act 1956, the power to increase the Authorised Share Capital has to be exercised by the Company in General Meeting. For alteration of Memorandum of Association and Articles of Association of the Company, consent of members is required.

Your Directors recommend these resolutions for approval of members.

None of the Directors of the company in any way concerned or interested in these resolutions.

**Item No. 9**

In the 26th Annual General Meeting Dr. L.K. Malhotra was reappointed for a period of 5 years w.e.f. 15th July 2005 on a basic salary of Rs. 3,00,000 and other perquisites approved by the members. He has been associated with the Company since its corporation. It is no doubt that under his guidance, supervision and direction, the company has not only progressed well but also is under expansion. His remuneration should commensurate with his responsibilities of heading a company of this size and also based on merit and taking into account the company's performance. The revised term of remuneration is recommended by the Remuneration Committee of the company in their meeting held on 27th July 2006.

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. 10**

In the 22nd Annual General Meeting of the Company, Mr. Luv Malhotra was appointed for a period of 5 years w.e.f. 22nd September 2000. His tenure has expired on 21st September 2005. He is MSc (Economics) from the University of Buckingham (UK) and has been actively associated with the company since 1998. During his tenure as Executive Director, our company has shown progressively excellent result and this trend would continue under his leadership. The Board of Directors at their meeting held on 29/10/2005, re appointed him as Executive Director for a further period of 5 years w.e.f. 22nd September 2005 to 21st September 2010 subject to approval of members. His remuneration was recommended by Remuneration Committee in their meeting held on 29th October 2005. Mr. Luv Malhotra and Dr. L.K. Malhotra are interested in the resolution. None of the other Directors are concerned or 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.

**Items No. 11 and 12**

This resolution relates to a proposal of the company to offer, issue and allot equity shares by way of rights in the ratio of one Equity share of Rs. 10/- each for every two equity shares held, to the existing shareholders.

The detailed terms and conditions of the offer will be determined in consultation with a SEBI Registered Merchant Banker and such other authority or authorities and agencies as may be required.

The object of the issue is to fund the growth of the Company by setting up of star hotels, budget hotels, resorts etc. at various destinations in India and outside India and upgrade its existing properties, augment its resources for financing the expansion plans, ongoing capital expenditures and for other business needs. This requires huge infusion of funds from time to time.



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At present, the company can borrow in excess of the aggregate of its paid-up capital and free reserves subject to a limit of Rs. 75 Crores (Rs. Seventy Five Crores only). The company may need to borrow money, apart from the funds proposed to be raised under the right issue, from Banks/financial institutions/Government/High Networth individuals whomsoever by offering the assets of the company as security, which may exceed the present borrowing limits of Rs. 75 crores.

Hence, it is proposed to raise the existing borrowing limit to Rs. 300 crores (Rs. Three Hundred core) for borrowing and for offering the assets of the company as security for borrowing purpose, members approval is required under section 293(1)(d), and 293(1)(a) of the Companies Act 1956 respectively.

Your Directors recommended these resolutions for approval of the members.

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

**Item No. 13**

Members are aware that Hotel cum Apartment Complex Project in Dushanbe, Tajikistan, has been taken up by our associate company, M/s CHL International, a Joint Stock Company registered at Republic of Tajikistan. Construction of Hotel building is in progress. It is intended to invest in the project upto a limit of Rs. 100 crores.

CHL (South) Hotels Ltd. has been promoted by the Company for setting up of various Hotels/Resorts etc in various parts of India. It is intended to invest in the company upto a limit of Rs. 200 crores.

The aggregate investments made, loans given, guarantee/securities provided together with the proposed investment would exceed 60% of the paid up share capital and the reserves and thus the shareholders approval is required.

None of the Directors is concerned or interested in the resolution.

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**By Order of the Board**

New Delhi

Date : July 28, 2006

**G.J. Varadarajan**  
**Company Secretary**