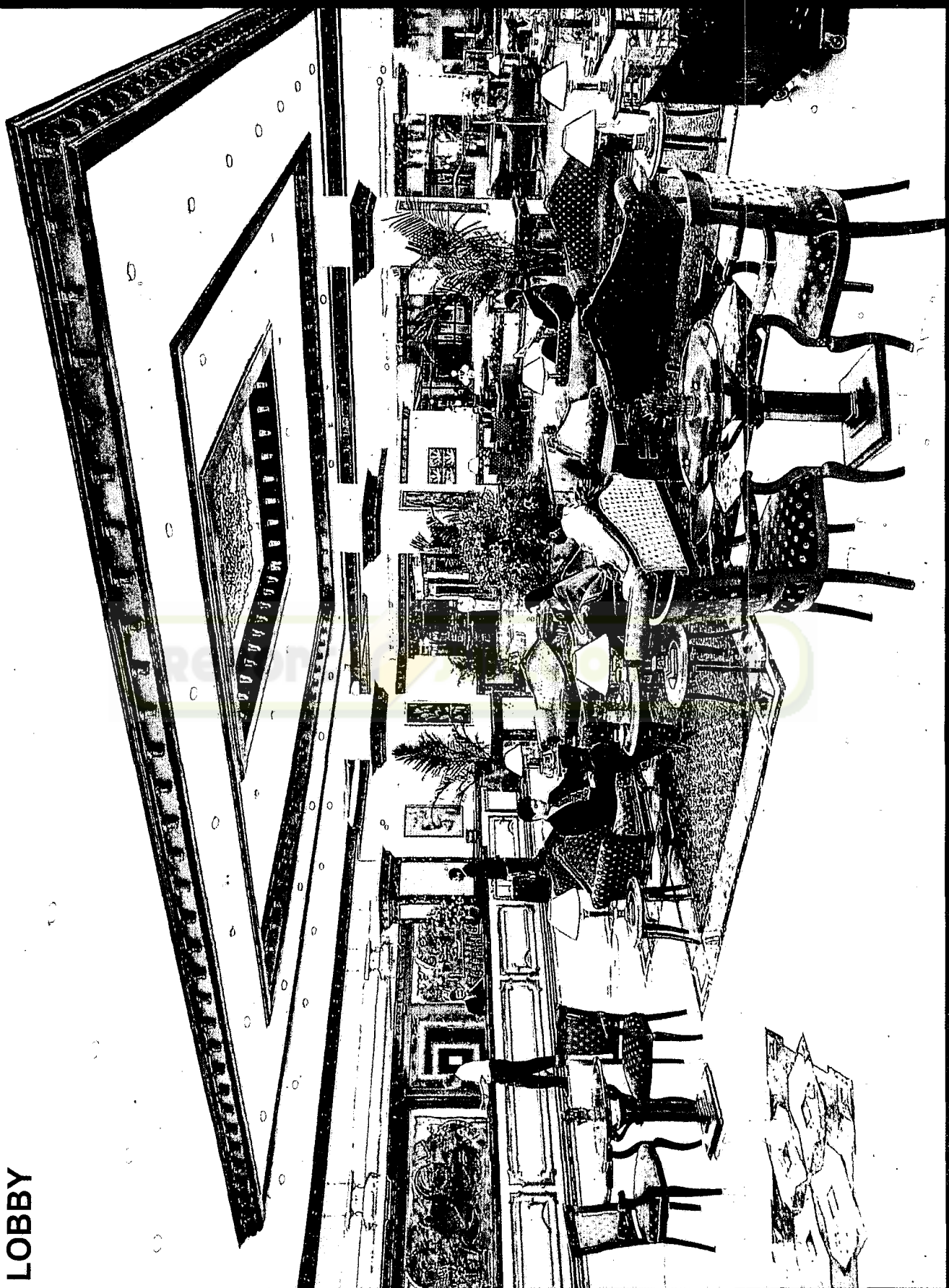


CHL LIMITED



ANNUAL REPORT 2 0 0 6 - 2 0 0 7

LOBBY




CHL LIMITED
28th Annual General Meeting

Date : 30th July, 2007
Day : Monday
Time : 11.45 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.
 Email: graico@airtelbroadband.in

Internal Auditor & Tax Auditors

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

Bankers

HSBC Bank Ltd.
 HDFC Bank Ltd.

Registrar and Share Transfer Agents

RCMC Share Registry (P) Ltd
 B-106, Sector 2
 Noida 201301 U.P.
 E-mail : shares@rcmcdelhi.com

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

INDEX	PAGE NO.
Notice	2
Directors' Report	4
Corporate Governance	8
Auditors' Report	18
Balance Sheet	21
Profit & Loss Account	22
Schedules	23
Notes to Accounts	30
Cash Flow Statement	36
Attendance Slip/Proxy	39



NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of CHL Limited will be held on **Monday, the 30th July 2007 at 11:45 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 2007 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. Kumud Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Subhash Ghai, 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 subject to the approval of Central Government, approval under Section 314(1B) of the Companies Act 1956, be and is hereby accorded to the appointment of Mr. Gagan Malhotra, with effect from 02/04/2007 on the following terms and conditions:

Designation	: Vice President – Corporate Development
Basic Pay and Grade	: Rs. 1,25,000 P.M. in the Grade of Rs. 75,000-7,500-1,12,500-11,250-2,25,000-25,000
HRA	: 60% of Basic Pay

In addition to above, Mr. Gagan Malhotra will be entitled to usual Medical Benefits, Leave Travel Concession/allowance, Conveyance Allowance, Gratuity, Bonus/Exgratia and Provident Fund as applicable to the executive of his grade.

Resolved further that the Board of Directors of the Company be and is hereby authorized to revise the remuneration and other terms of appointment of Mr. Gagan Malhotra from time to time as may be permitted by the Central Government.

By Order of the Board

New Delhi
Date : June 15, 2007

G.J. Varadarajan
Company Secretary


CHL LIMITED
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 20th July 2007 to 30th July 2007.
3. Members whose name appears as on 30th July 2007 in the Register of members and as Beneficial owner at the end of the Business hours on 30th July 2007 as per the list to be furnished by depositories in respect of shares held in Electric form, are entitled Final Dividend.
4. 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.
5. 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, B-106, Sector 2, Noida, U.P.
6. The company has already transferred the unclaimed and unpaid dividend, declared for the financial year 1998-99 to Investor Education and Protection Fund established by the Central Government.
7. As per the provisions of the Companies Act 1956, dividends declared for the financial year 2003-04, 2004-05, 2005-06 (Interim and Final Dividend) and 2006-07 (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 are 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.
8. 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.
9. Members are advised to get their "Physical Share Certificates" into "Demat" form in view of the forthcoming "Right Issue."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956
Item No. 7

Mr. Gagan Malhotra has rich experience of 15 years in the field of sales, marketing and pricing strategies. He is a bachelor of Science from the University of Michigan, USA. He is being appointed as Vice President – Corporate Development.

Mr. Gagan Malhotra is the relative of Mr. Kumud Malhotra Director of the company being his brother. His appointment is covered under Section 314(1B) of the Companies Act 1956.

Hence Shareholder's approval and Central Govt. approval is required.

None of the Directors except Mr. Kumud Malhotra, are in any way concerned or interested in this resolution.

By Order of the Board

New Delhi
Date : June 15, 2007

G.J. Varadarajan
Company Secretary



CROWNE PLAZA®

DELHI

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

Your Directors are pleased to present their 28th Annual Report together with the Audited Accounts for the year ended 31st March 2007.

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

Particulars		2006-2007 (Rs. in lacs)		2005-2006 (Rs. in lacs)
Total Income				
Sales	7,625.73		5,668.08	
Other Income	451.66	8,077.39	314.84	5,982.92
Less: Total Expenses		4,646.44		3,802.43
Gross Profit before Interest, Depreciation and Tax		3,430.95		2,180.49
Less : Financial Charges	489.25		310.24	
Depreciation	315.27		325.49	
Deferred Revenue Expenditure	1.40	805.92	1.40	637.13
Profit Before Tax		2,625.03		1,543.36
Less: Provision for Tax		922.41		503.03
Net Profit after Tax		1,702.62		1,040.33
Add : Profit brought forward from previous year & Adjustment of last year		668.40		202.91
Profit available for appropriation		2,371.02		1,243.24
APPROPRIATIONS				
Transferred to General Reserves		297.81		200.00
Proposed Dividend on equity shares including interim dividend		438.55		328.91
Tax on Dividend		61.81		46.13
Balance carried over		1,572.85		668.20

Sales and other incomes for the year under review is Rs. 8077.39 lacs as against Rs. 5,982.92 lacs for the previous year, registering an increase of 35% over the previous year.

Operating profit before depreciation and finance charges is Rs. 3430.95 lacs for the year under review as compared to Rs. 2180.49 lacs for the previous year, registering an increase of 57.34% over the previous year.

Net Profit after providing tax for the year under review is to Rs. 1702.62 lacs as compared to Rs. 1040.33 lacs for the previous year, showing an increase of 63.66% over the previous year.

Your company's turnover rose to 'another high level' during the year under review and hopes to sustain and improve upon the performance in the years to come.


CHL LIMITED

2. DIVIDEND

The Board already declared an interim dividend @ Rs. 2.00 per equity share for the financial year ended 31.03.2007.

The Board further recommends a Final Dividend @ Rs. 2.00 per equity share in respect of the Financial Year under review.

The Final Dividend, together with the Interim Dividend, will make the total dividend @ Rs. 4.00 (40%) per share in respect of the Financial Year. As per the provisions of the Income Tax Act 1961, the tax on Dividend will be borne by the Company.

The overall distribution of Dividend for the year under review will be Rs. 500.36 lacs (including corporate Dividend tax).

3. DIRECTORS

Mr. Kumud Malhotra, Mr. Subhash Ghai 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 DISCUSSION AND ANALYSIS

As required by clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis is annexed to the Annual Report.

5. PROJECT

Your company has already purchased a piece of land admeasuring 12 Bighas & 6 Biswas (measuring 7.8 acres) located at Village Rupa Ki Nangal, Tehsil & Distt. Jaipur at a cost of Rs. 2.46 Crores, for setting up of a hotel project at Jaipur. Necessary steps have already been initiated with Jaipur Development Authority for getting requisite approval for our project.

Hotel cum commercial complex at Dushanbe, Tajikistan is being constructed. Ground level has already been completed. Construction of Hotel Building is in progress. After the construction of Hotel Building, construction of Housing complex will be taken up.

6. RIGHT ISSUE

To finance the project and for various needs of the company, the company is bringing out a "Right Issue" in the ratio of one equity shares of Rs. 10/- each for every two equity shares held in the company at a premium of Rs. 40/- per share, aggregating the issue price Rs. 50/- per equity share. Necessary offer document is being filed with SEBI and with Delhi Stock Exchange.

7. LISTING

The securities of company stand listed at Delhi Stock Exchange. To provide liquidity to our shareholders, the securities of the company are being listed at Bombay Stock Exchange.

8. 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.

9. CORPORATE GOVERNANCE

As required by clause 49 of the Listing Agreement, a Report on Corporate Governance together with Practicing Company Secretary's certificate is annexed to the Annual Report.



10. 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 including commission on profit (Rs. in lac)	Qualification	Experience	Date of Joining	Last Employment
Dr. L.K. Malhotra	63	CMD	189.30	Ph.D	42 years	15.07.1985	Managing Director Ashraf & Malhotra, Kuwait
Mr. Luv Malhotra	34	ED	110.41	Master Degree in Economics from U K	9 Years	11.09.1998	GM (Coordination)

The appointment is contractual. Their Gross remunerations comprise of salary, allowances, medical expenses, leave travel assistance, sitting fee and other perquisites are subject to 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. A. K. Malhotra, Mr. B.N. Malhotra, Mr. Luv Malhotra, directors of the company. Mr. Luv Malhotra is related to Dr L K Malhotra, Chairman and Managing Director of the company.

11. AUDITORS' REPORT

As regards Auditors' observations, the notes on accounts A(11)(ii) are self-explanatory and do not call for any further clarification.

12. AUDITORS

Statutory 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.

Internal Auditors

M/s L.N. Malik & Co. have been conducting periodic internal audit of all operations of the company. Internal Audit reports are being laid down before the Audit Committee for their review and for recommendation to the Board.

The Audit Committee of the Board of Directors has recommended their re-appointment.

13. PARTICULARS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988

Conservation of Energy

Efforts on energy conservation are being pursued continuously. Regular repairs and maintenance of all equipment/ materials are carried out to ensure optimum efficiency. To give thrust on energy conservation, "optimum utilization of natural light", is focused on and energy saving lights and devices are fitted in wherever necessary and feasible. 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. 4823.77 lacs (previous year Rs. 3,215.73 lacs) and used foreign exchange to the extent of Rs. 505.56 lacs (previous year Rs. 485.52 lacs).

**CHL LIMITED****14. ACKNOWLEDGEMENTS**

Your Directors wish to thank Central and State Governments, especially Department of Tourism, Company's Bankers, customers, suppliers for the valuable cooperation and support.

The Board of Directors also express their sincere thanks to the shareholders for the support and the confidence reposed in the company.

The Board take 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.

For and on behalf of the Board

New Delhi
Date : June 15, 2007

Dr. L.K. Malhotra
Chairman & Managing Director

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CORPORATE GOVERNANCE

The core principle of Corporate Governance is that Management must have the executive freedom to drive the enterprise forward and the freedom of Management should be exercised with a frame work of checks and balances with accountability towards performance and progress. The company's Governance Principle is the establishment of a set of systems or process whereby the directors are entrusted with responsibilities and duties of corporate affairs. Maximization of shareholders' wealth is the corner stone of the governance. It hinges on total transparency, integrity and accountability of the management which includes non executive directors. It is about commitment to values and ethical business conduct and a high degree of transparency.

BOARD OF DIRECTORS

As on 31st March 2007, the Company has ten Members on the Board. Dr. L.K. Malhotra, Chairman and Managing Director and Mr. Luv Malhotra, Executive Director are the whole time Directors. Remaining eight Directors are Non-Executive Directors. Among the eight Directors, three are the Non-Executive Non-Independent Directors and five are the Non-Executive Independent Directors. There has been no change in composition of Board since then.

Name of Directors	Designation	No of Directorships held in other companies*	No of Board Committee Membership held in other companies*
Executive			
Dr. L.K. Malhotra	Chairman & Managing Director	5	4
Mr. Luv Malhotra	Executive Director	1	Nil
Non-Executive Non-Independent			
Mr. D.V. Malhotra	Director	Nil	Nil
Mr. B.N. Malhotra	Director	1	Nil
Mr. A.K. Malhotra	Director	1	Nil
Non-Executive Independent			
Mr. O.P. Bajaj	Director	Nil	Nil
Mr. Kumud Malhotra	Director	Nil	Nil
Mr. Subhash Ghai	Director	3	Nil
Mr. Harish C. Bhasin	Director	6	Nil
Mr. R.C. Sharma	Director	3	4

*Excluding private, foreign and companies registered under section 25 of the Companies Act 1956.

All Directors have as of 31st March 2007, filed the requisite declaration stating that the disqualification contemplated under section 274(1)(g) of the Companies Act 1956 do not apply to them.

MEETINGS AND ATTENDANCE

During the year ended 31st March 2007, five Board Meetings were held. Attendance of Directors at the Board Meetings and at the 27th Annual General Meeting held on 27th September 2006 is as under :

Name of Directors	No of Board Meetings attended	Attendance at the last AGM
Dr. L.K. Malhotra	5	Yes
Mr. D.V. Malhotra	3	Yes
Mr. B.N. Malhotra	4	Yes
Mr. O.P. Bajaj	5	Yes
Mr. A.K. Malhotra	5	Yes
Mr. Kumud Malhotra	4	Yes
Mr. Subhash Ghai	2	Yes
Mr. Luv Malhotra	4	Yes
Mr. Harish C. Bhasin	5	Yes
Mr. R.C. Sharma	5	Yes