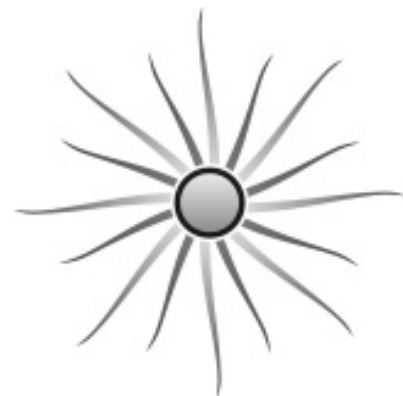


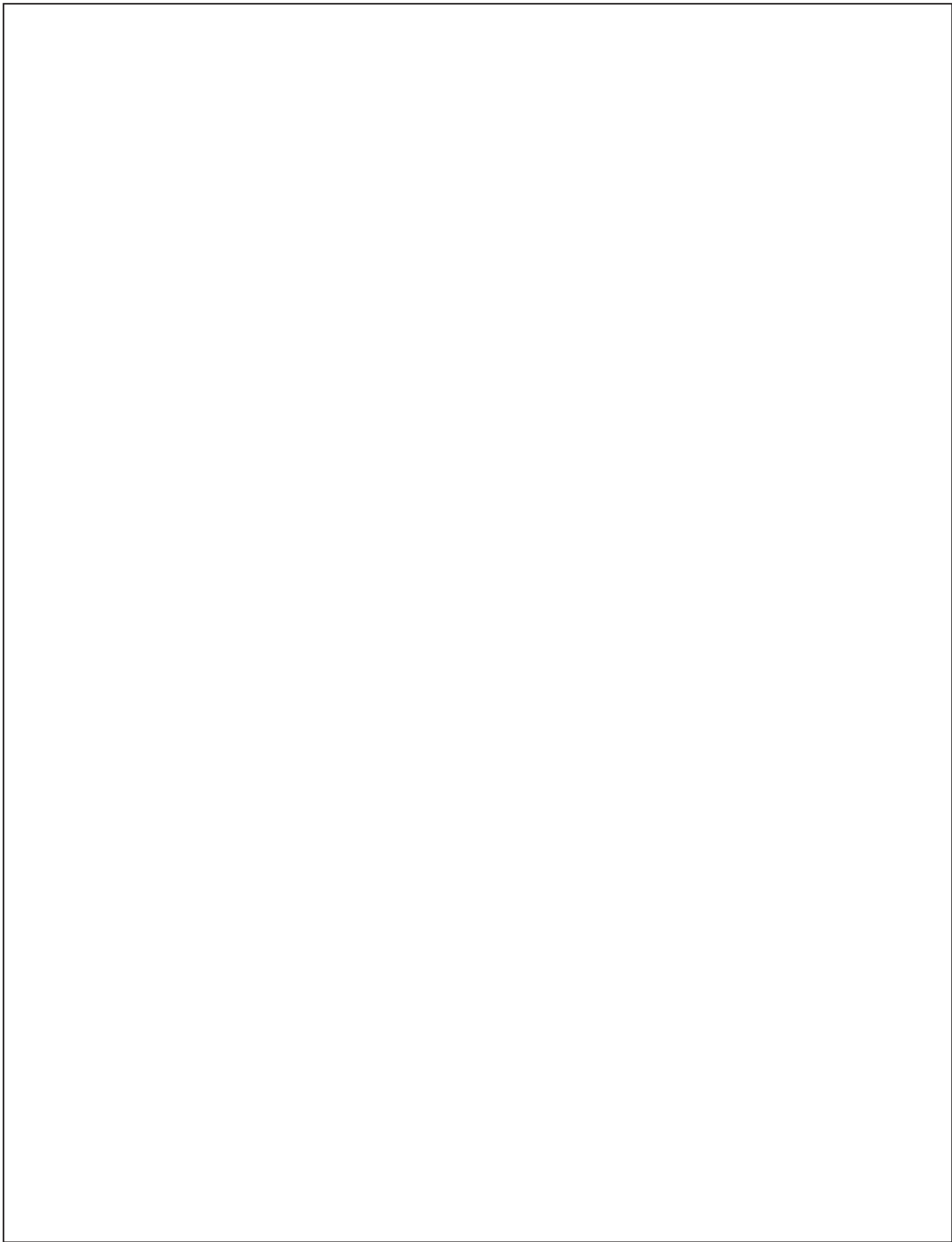


CHL LIMITED

**ANNUAL REPORT
2009 - 2010**



THE
SURYAA
NEW DELHI





CHL LIMITED

31st Annual General Meeting

Date	:	21st September, 2010
Day	:	Tuesday
Time	:	12.00 Noon
Place	:	Hotel The Suryaa Community Centre New Friends Colony New Delhi-110 025

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BOARD OF DIRECTORS

Dr. L. K. Malhotra - Chairman & Managing Director
Mr. D. V. Malhotra
Mr. O. P. Bajaj
Mr. A. K. Malhotra
Mr. Gagan Malhotra
Mr. Subhash Ghai
Mr. Luv Malhotra - Executive Director
Mr. Harish C. Bhasin
Mr. R. C. Sharma

Company Secretary

Mr. G. J. Varadarajan
E-mail : cs@chl.co.in

Statutory Auditors

G. Rai & Co.
Chartered Accountants
29A/1, Asaf Ali Road,
New Delhi-110 002.
Email: graico@airtelmail.in

Internal Auditor

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

Bankers

Hongkong & Shanghai Banking Corporation Ltd.
Andhra Bank

Registrar and Share Transfer Agents

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor,
99, Madangir
Behind Local Shopping Centre.
New Delhi 110 062
Phone : 29961281 Fax : 29961284
E mail : beetal@beetalfinancial.com

Regd. Office

Hotel The Suryaa
Community Centre
New Friends Colony
New Delhi-110 025
Phone : 91-11-2683 5070, 4167 2222
Fax : 91-11-2683 7758, 2683 6288
E-mail : chl@chl.co.in
<http://www.thesuryaanewdelhi.com>



NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the members of CHL Limited will be held on **Tuesday, the 21st day of September, 2010 at 12:00 Noon** at the Registered Office of the company at Hotel The Surya (Formerly known as Crowne Plaza Delhi), Community Centre, New Friends Colony, New Delhi 110025 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 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 Krishan Dayal Ghai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D. V. Malhotra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Harish C Bhasin, 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 provisions of Section 198, 269 and 309 and other applicable provisions of the Companies Act, 1956 consent of the Members be and is hereby accorded to the re appointment of Dr. L. K. Malhotra as Managing Director for a period of 5 years commencing from 15th July, 2010 to 14th July, 2015 and to the payment of remuneration and perquisite to him as follows:

Overall Remuneration:

Subject to the provisions of Section 198, 269 and 309 and other applicable provisions of the Companies Act, 1956 and modification/ 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 profit 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 profit or its profits are inadequate, the remuneration payable to the Managing Director shall be as per Schedule XIII of the Companies Act, 1956.

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

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, perquisite shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such rule perquisite 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 the ceiling of one month's salary.
Leave Travel Commission	: For self and family for once a year subject to the ceiling of one month's salary.
Club Fee	: Maximum of two clubs not including admission and Life Membership Fee.
Personal Accident Insurance	: Premium not exceeding 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.



CHL LIMITED

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 perquisite purpose.

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

By Order of the Board

New Delhi
Date : July 30, 2010

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 14th September, 2010 to 21st September, 2010 (both days inclusive).
3. Members whose name appears as on 13th September, 2010 in the Register of members after giving effect to all valid share transfers which are lodged with the Registrar and Share Transfer Agent before 14th September 2010, and as Beneficial owner at the end of the Business hours on 13th September, 2010 as per the list to be furnished by NSDL/CDSL in respect of shares held in Electronic Form, are entitled for Final Dividend.
4. Members are requested to forward their change of address, PAN detail, 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 Beetal Financial & Computer Services Pvt. Ltd., Beetal House, 99, Madangir, Behind Local Shopping Centre, New Delhi 110062.
5. As per the provisions of the Companies Act 1956, dividends declared for the financial year 2003-04, 2004-05, 2005-06 (Interim & Final Dividend), 2006-07 (Interim & Final Dividend), 2007-08 (Interim & Final Dividend), 2008-09 (Interim & Final Dividend) and 2009-10 (Interim) 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 claim for the un- encashed dividends.
6. 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.
7. Shareholders may please bring their copies of the Annual Report to the Meeting.
8. Members/Proxies should fill in the Attendance Slip for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 7

In the 26th Annual General Meeting of the Company Dr. L. K. Malhotra was reappointed as Managing Director of the Company for a period of 5 year from 15th July, 2005 to 14th July, 2010. His tenure has expired on 15th July, 2010. Dr. L. K. Malhotra has been associated with the Company since its inception in 1980. He is one of the major promoters of the Company and 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 its services. It is desirable to reappoint Dr. L. K. Malhotra as Managing Director of the Company for a further period of 5 years w.e.f. 15th July, 2010 to 14th July 2015 on the terms and conditions as aforesaid. The remuneration payable to Dr L. K. Malhotra is within the permissible specified limits of the Companies Act, 1956.His remuneration is recommended by the Remuneration Committee.

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

The 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

New Delhi
Date : July 30, 2010

By Order of the Board

G.J. Varadarajan
Company Secretary

DIRECTORS' REPORT
TO THE MEMBERS OF CHL LIMITED

Your Directors are pleased to present their 31st Annual Report together with the Audited Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Total Income		
Sales	7036.97	8209.27
Other Income	<u>368.81</u>	<u>289.55</u>
	7405.78	8498.82
Less: Total Expenses	<u>4871.00</u>	<u>5625.70</u>
Gross Profit before Interest, Depreciation and Tax	2534.78	2873.12
Less : Financial Charges	381.05	354.04
Depreciation	421.12	338.31
Deferred Revenue Expenditure	<u>1.40</u>	<u>1.40</u>
	<u>803.57</u>	<u>693.75</u>
Profit Before Tax	1731.21	2179.37
Less: Provision for Tax	<u>589.27</u>	<u>851.24</u>
Net Profit after Tax	1141.94	1328.13
Add : Profit brought forward from last year	3422.76	2801.63
Adjustment of last year's provision	1.49	(22.19)
Profit available for appropriation	<u>4566.19</u>	<u>4107.57</u>
APPROPRIATIONS		
Transferred to General Reserves	300.00	300.00
Proposed Dividend on equity shares including interim dividend	328.91	328.91
Tax on Dividend	<u>55.90</u>	<u>55.90</u>
Balance carried to Balance Sheet	<u>3881.38</u>	<u>3422.76</u>

Sales and other incomes for the year under review at Rs. 7405.78 lacs is lower than that of the previous year Rs. 8498.82 lacs by 12.86%.

Operating profit before depreciation and finance charges at Rs. 2534.78 lacs for the year under review as compared to Rs. 2873.12 lacs for the previous year, is lower by 11.77 %

Net Profit after providing tax for the year under review is to Rs. 1141.94 lacs as compared to Rs. 1328.13 lacs for the previous year, thus lower by 14.01% over the previous year.

2. BUSINESS REVIEW

The Hotel & Tourism industry is cyclical in nature and highly susceptible to the macro -environmental changes. Aviation and hospitality are the first to get impacted by adverse environment and the last to recuperate. Often described as fragile industry, the demand for the travel is highly susceptible to the event like economic slow down, wars, disease outbreak and terrorism

The balance sheet of the hotel companies are under stress on account of occupancy levels in major metro station including Delhi and Mumbai. During the current financial year growth have fallen as compared to the previous years. The ARR has also gone down across the major cities by about 20%. The compound effect is expected to result in reduced profitability to the tune of 20-25 percent. Despite the numerous problems tourism industry was one of the largest foreign exchange earners for India. Realizing the potential in India, international & domestic hotel chains were rushing to cash on it. The entry of multinationals and Indian Hotel chains expanding internationally only reinforces the segment's untapped business potential. The demand for travel and tourism in India is expected to grow by 8.2 % between 2010-2019 and will place India in the third position in the world. The common wealth game would be the good opportunity to showcase the rich culture heritage of the country to the international community

3. DIVIDEND

The Board has already declared an interim dividend @ Rs. 1.50 per equity share in the Board Meeting held on 25.01.2010 for the financial year ended 31.03.2010.

The Board further recommended a Final Dividend @ Rs.1.50/- 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.3.00 (30%) 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 384.81 lacs including corporate Dividend Tax.

4. DIRECTORS

Mr. Subhash Krishan Dayal Ghai, Mr. D. V. Malhotra and Mr. Harish C Bhasin, Directors of the Company are due to retire by rotation at the forthcoming Annual General Meeting and they, being eligible, offer themselves for re-appointment.

Mr. B. N Malhotra and Mr. Kumud Malhotra resigned from the Directorship of the Company w.e.f. 05.11.2009.

Mr. Gagan Malhotra who was the Vice President (Corporate Development) of the Company joined as a Director of the company w.e.f. 25.01.2010 in place of Mr. Kumud Malhotra.

5. MANAGEMENT DISCUSSION AND ANALYSIS

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

6. CHANGE OF NAME

The Franchise Agreement with International Hotels Group is coming to an end in the month of September 2010 and as such your hotel will now be known as "The Suryaa New Delhi" w.e.f. 1st September, 2010.

7. SUBSIDIARY COMPANY

CHL International, a close joint stock company, was incorporated in the year 2001 at Dushanbe, Tajikistan under the Civil Code of the Republic of Tajikistan with the main objective of construction of Hotels cum Commercial Complex.

The project cost of hotel is US \$ 29.08 million (126.72 million Somoni). Out of it, its equity component is US \$ 11.08 million (48.42 million Somoni) and loan component is US \$ 18.00 million (78.30 million Somoni).

During the period under review, your company acquired additional interest in CHL International an erstwhile associate company, thus making it a subsidiary w.e.f. 30th October, 2009. The company's stake in CHL International as on Balance Sheet date is 84.11% (21.03 million somoni).



CHL LIMITED

Your Company's contribution will be up to 70% of the share capital of US \$ 11.08 million, (48.42 million Somoni) amounting to US \$ 7.76 million (33.87 million Somoni).

The Export & Import Bank of India (EXIM Bank) has sanctioned a term loan of US\$ 18.00 million for part financing/ setting up of / developing 5 Star Hotel in Tajikistan. Your company has agreed to furnish its corporate guarantee to the Exim Bank for the aforesaid loan.

The Statement as required under Section 212 of the Companies Act, 1956 in respect of the subsidiary viz. CHL International is annexed and forms an integral part of the Annual Report.

8. CONSOLIDATION OF FINANCIAL STATEMENT

The duly audited consolidated financial statement as required under the Accounting Standard 21 and provisions of Clause 32 of the Listing Agreement has been prepared after considering the audited financial statement of your company and its subsidiary.

9. 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.

10. 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.

11. (a) 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) EMPLOYED THROUGH OUT THE YEAR IS GIVEN BELOW:

Name	Age	Designation	Remuneration including Directors Commission on Profits (Rs. in lac)	Qualification	Experience	Date of Joining	Last Employment
Dr. L.K. Malhotra	66	CMD	96.00	Ph.D	45 years	15.07.1985	Managing Director Ashraf & Malhotra, Kuwait
Mr. Luv Malhotra	37	ED	76.00	Master Degree in Economics	12 Years	11.09.1998	GM (Coordination) CHL Limited

The appointment is contractual. Their Gross remunerations comprise of salary, allowances, medical expenses, leave travel assistance, 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, and Mr. Luv Malhotra.

Mr. Luv Malhotra is related to Dr L.K. Malhotra.

(b) 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) EMPLOYED PART OF THE YEAR IS GIVEN BELOW:

Name	Age	Designation	Salary & Perquisite (Rs in lac)	Qualification	Experience	Date of Joining	Last Employment
Mr. Gagan Malhotra	42	Director	22.77	B.Sc., University of Michigan, USA	17 Years	02.04.2007	VP (Corporate Development) CHL Ltd

Mr. Gagan Malhotra resigned from the post of VP (Corporate Development) of the company w.e.f. 23.01.2010. He joined the Board w.e.f. 25.01.2010 in place Mr. Kumud Malhotra.

12. SECRETARIAL AUDIT

As directed by Security and Exchange Board of India (SEBI), Secretarial Audit is being carried out by Practicing Company Secretary. The finding of the Secretarial Audit have been satisfactory.

13. AUDITORS' REPORT

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

14. AUDITORS

Statutory Auditors

M/s G Rai & Co. Chartered Accountants, Auditors of the company, retire at the close of the Annual General Meeting and is eligible for re-appointment. The Company has received confirmation from the firm that the appointment will be within the limits prescribed under section 224(1) (B) of the Companies Act, 1956. The Audit Committee/ Board has recommended their appointment. The necessary resolution is being placed before the shareholder for the approval.

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.

15. 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. 2443.10 lacs (previous year Rs. 3483.07 lacs) and used foreign exchange to the extent of Rs. 218.04 lacs (previous year Rs. 481.95 lacs).

16. 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.