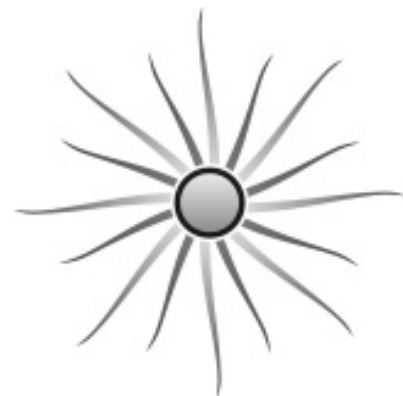


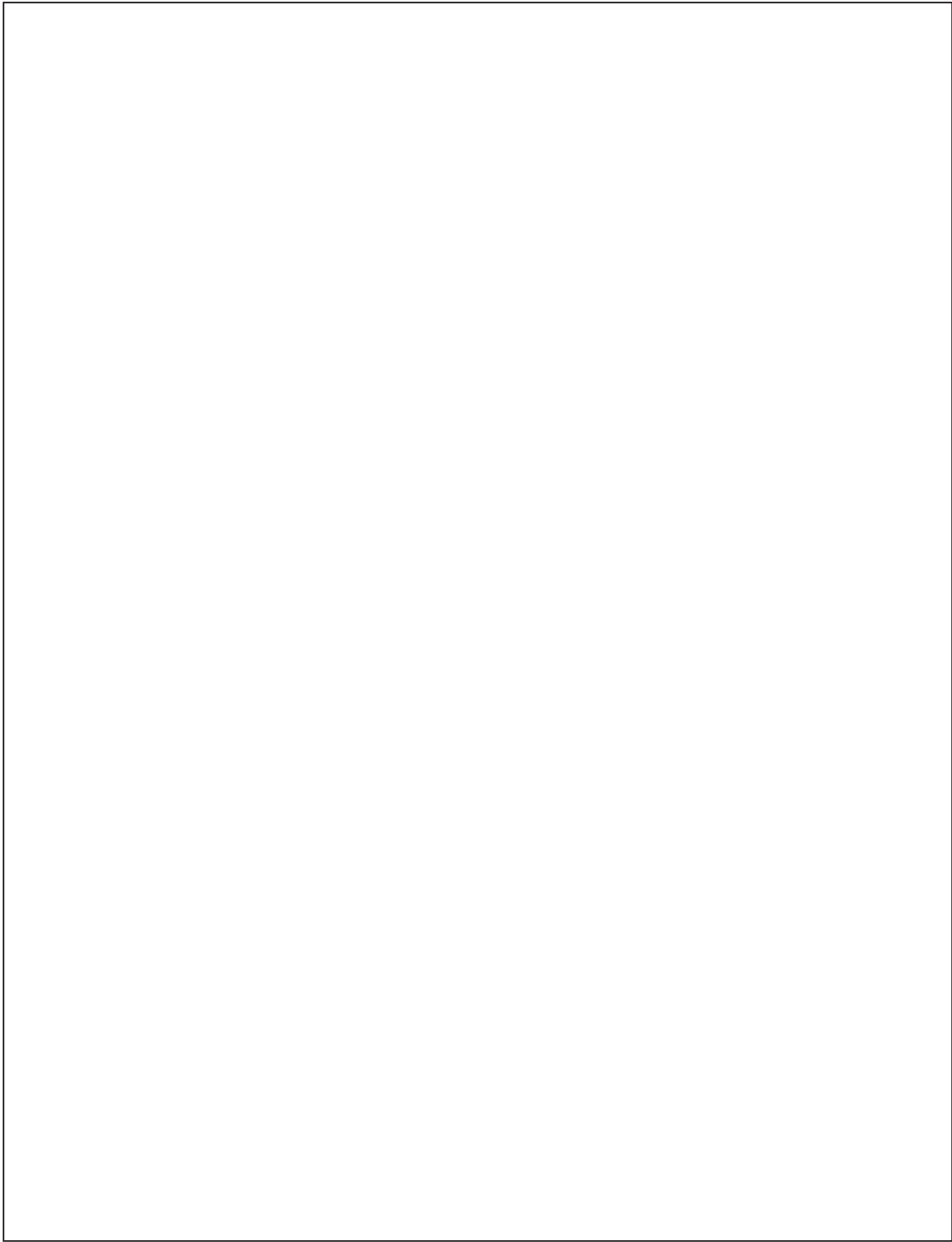


CHL LIMITED

**ANNUAL REPORT
2010 - 2011**



THE
SURYAA
NEW DELHI





CHL LIMITED

32nd Annual General Meeting

Date : 23rd September, 2011

Day : Friday

Time : 11.30 AM

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 - Whole Time Director
Mr. Subhash Ghai
Mr. Luv Malhotra - Executive Director
Mr. R. C. Sharma
Mr. Lalit Bhasin

Company Secretary

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

Vice-President Finance & CFO

Mr. N.K. Goel
Email: nkgoel@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
HDFC Bank Ltd.

Registrar and Share Transfer Agent

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor,
99, Madangir
Behind Local Shopping Centre.
New Delhi 110 062
Phone : 29961281-83 Fax : 29961284
E mail : beetalrta@gmail.com

Regd. Office

Hotel The Suryaa
Community Centre
New Friends Colony
New Delhi-110 025
Phone : 91-11-2683 5070, 4780 8080
Fax : 91-11-2683 6288, 4780 8081
E-mail : chl@chl.co.in
<http://www.chl.co.in>



NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the members of CHL Limited will be held on **Friday, the 23rd day of September, 2011 at 11.30 AM** at the Registered Office of the Company at Hotel The Surya, 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 2011 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended on 31/03/2011.
3. To appoint a Director in place of Mr. R.C Sharma who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.K. Malhotra who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. O.P. Bajaj who retires by rotation and being eligible, offers himself for re-appointment.
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, Mr. Luv Malhotra, be and is hereby re-appointed as an Executive Director of the Company for a period of 3 years commencing from 22nd September, 2010 to 21st September, 2013 and 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, Executive Director and Whole Time Director of the company, in any financial year shall not exceed 10% (ten percent) of the net profit of the Company for all of them together. Subject to Schedule XIII of the Companies Act, 1956, in any financial year during the tenure of Mr. Luv Malhotra, if the Company has no profit or its profits are inadequate, the remuneration payable to Mr. Luv Malhotra, Executive Director of the Company shall be as under w.e.f. 01.04.2010.

Basic Salary	:	Rs.2,00,000 P.M.
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.
Miscellaneous Allowances	:	Rs.30,000 P.M.
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.
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 and 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 are hereby, specifically authorized to, at any time, alter at any time and vary the terms and conditions of the remuneration to be paid in the absence or inadequacy of profits, in such a manner but



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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.

Resolved Further that the Board of Directors of the Company, be and are hereby, authorized to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution.

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

Resolved that in accordance with the provisions of Section 257 and other applicable provisions of the Companies Act, 1956 Mr. Gagan Malhotra who was appointed as Director in the casual vacancy caused due to resignation of Mr. Kumud Malhotra and who holds the office upto the date of this Annual General Meeting as per the provisions of Section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and is not liable to retire by rotation.

9. 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 appointment of Mr. Gagan Malhotra as Whole Time Director of the Company for a period of 3 years commencing from 1st April, 2010 to 31st March, 2013 and payment of remuneration and perquisites 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, Executive Director and Whole Time Director of the company, in any financial year shall not exceed 10% (ten percent) of the net profit of the Company for all of them together. In any financial year during the tenure of Mr. Gagan Malhotra, if the Company has no profit or its profits are inadequate, the remuneration payable to the Whole Time Director shall be as per Schedule XIII of the Companies Act, 1956.

Within the aforesaid ceiling, the remuneration payable to Mr. Gagan Malhotra shall be as under:

Basic Salary	: Rs. 2,00,000 P.M.
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.
Misc. Allowances	: Rs.30,000 P.M.
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 and 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 are hereby, specifically authorized to alter at any time 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.

Resolved Further that the Board of Directors of the Company, be and are hereby, authorized to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give the effect to the aforesaid resolution.

By Order of the Board

New Delhi
Date : July 23, 2011

G.J. Varadarajan
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a 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 and Share Transfer Books of the Company will remain closed from 16th September, 2011 to 23rd September, 2011 (both days inclusive).
3. Members whose name appears as on 15th September, 2011 in the Register of Members after giving effect to all valid share transfers which are lodged with the Registrar and Share Transfer Agent before 16th September 2011, and as Beneficial owner at the end of the Business hours on 15th September, 2011 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 2004-05, 2005-06 (Interim and Final Dividend), 2006-07 (Interim and Final Dividend), 2007-08 (Interim and Final Dividend,) 2008-09 (Interim and Final Dividend), 2009-10 (Interim and Final Dividend) and 2010-11 (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.
6. Dividend pertaining to the financial year ended on 31.03.2004 is being transferred to Investors Education and Protection Fund in the first week of September, 2011. As such it will not be possible to entertain dividend claim after August, 2011.
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.
8. Members wishing to obtain the information about the Company or view the Accounts of the Company for the Financial Year ended 31/03/2011 may visit the company website www.chl.co.in.
9. Shareholders may please bring their copies of the Annual Report to the Meeting.
10. 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 27th Annual General Meeting of the Company Mr. Luv Malhotra was appointed as Executive Director for a period of five years w.e.f. 22.09.2005 to 21.09.2010.

In the Board Meeting held on 21st September 2010, he was re-appointed as Executive Director with effect from 22.09.2010 for a period of five years with remuneration. However, due to inadequacy of profits during the year 2011, in the Board Meeting held on 27.01.2011, his tenure and the terms of his remuneration was restructured as contained in the Notice. His remuneration is recommended by the Remuneration Committee.

No other Directors except Dr. L. K. 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

Items No. 8 and No. 9.

Mr. Gagan Malhotra was appointed as a Director of the Company in Casual Vacancy caused due to resignation of Mr. Kumud Malhotra. Mr. Gagan Malhotra holds office of directorship till the conclusion of this Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956, it is proposed to appoint him as Director of the Company.



CHL LIMITED

Mr. Gagan Malhotra has rich experience of more than 18 years in the field of sales, marketing and pricing strategies. He is a Bachelor of Science from the University of Michigan USA. He has been associating with the Company as Vice President (Corporate Development) since 2007. The need of his services are felt by the organization for the achievement of the goals in the years to come. Hence, in the Board Meeting held on 29.10.2010, he was appointed as a Whole Time Director for a period of 3 years commencing from 1st April, 2010 to 31st March, 2013. His remuneration is recommended by the Remuneration Committee.

No other Directors except Mr. Gagan Malhotra is 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 23, 2011

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 32nd Annual Report together with the Audited Accounts for the year ended 31st March 2011.

1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Total Income		
Sales	6,561.03	70,36.97
Other Income	374.93	6,935.96
		368.81
		7,405.78
Less: Total Expenses	4,840.78	4,871.00
Gross Profit before Interest, Depreciation and Tax	2,095.18	2,534.78
Less : Financial Charges	436.35	381.05
Depreciation	431.26	421.12
Deferred Revenue Expenditure	-	1.40
Profit Before Tax	1,227.57	1,731.21
Less: Provision for Tax	338.48	589.27
Net Profit after Tax	889.09	1,141.94
Add : Profit brought forward from last year	3,881.38	3,422.76
Adjustment of last year's provision	(5.26)	1.49
Profit available for appropriation	4,765.21	4,566.19
APPROPRIATIONS		
Transferred to General Reserves	130.00	300.00
Proposed Dividend on equity shares including interim dividend	328.91	328.91
Tax on Dividend	54.63	55.90
Balance carried to Balance Sheet	4,251.67	3,881.38

Sales and other incomes for the year under review at Rs. 6935.96 lacs is lower than that of the previous year's sales and other incomes at Rs. 7405.78 lacs by 6.34%.

Operating profit before depreciation finance charges and tax at Rs. 2095.18 lacs for the year under review as compared to Rs. 2534.78 lacs for the previous year, is lower by 17.34 %

Net Profit after providing tax for the year under review is to Rs. 889.09 lacs as compared to Rs. 1141.94 lacs for the previous year, is lower by 22.14%.

2. BUSINESS REVIEW

Hospitality industry is very well knitted with travel and tourism industry. India is the most favourite destination for the global tourists and it experiences huge footfalls as a favourite place of visit because of its vast and rich cultural heritage.

Tourism in India was seen as a mere service sector for a long time. It is being now recognized as an export industry due its multiple advantages. Now it is one of the largest service industries in India with contribution of 6.23% to the National GDP and 8.78% of the total employment in India.

The mood is upbeat in the travel and tourism especially in the Hotel Business. At the Hotel Investment Forum India, Indian and International Hotel chains expressed optimism at the growth potential of the Indian Market and outlined big investment plans for coming years.

The business of Indian Hotel industry is very bright because the kind of the growth expected over the next couple of years or more is in tune of 15-20%. Importantly the Hotel Industry and the Hotel chain groups are very bullish and optimistic about their investment and commitment as far as the growth is concerned. Thus by reviewing the last year trend about the Hotel Industry in India we are hopeful for the better result in the near future.

3. DIVIDEND

The Board has already declared an interim dividend @ Rs. 1.50 per equity share in the Board Meeting held on 27.01.2011 for the financial year ended 31.03.2011.

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 2010-2011. 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 383.54 lacs including Corporate Dividend Tax.

4. DIRECTORS

Mr. R. C. Sharma, Mr. A. K. Malhotra and Mr. O. P. Bajaj, 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.

Shri. Harish Chander Bhasin demised on 7th December, 2010.

Mr. Lalit Bhasin was appointed as a Director of the Company in the casual vacancy arisen due to sudden demise of Late Shri. Harish Chander Bhasin, in the Board Meeting held on 27.01.2011.

Mr. Gagan Malhotra was appointed as a Director of the Company in Casual Vacancy arisen due to resignation of Mr. Kumud Malhotra. He will vacate office at the ensuing Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956, it is proposed to appoint him as a director of the company with effect from the date of the ensuing Annual General Meeting of your company.

Subject to the approval of shareholders in the ensuing Annual General Meeting, Mr. Gagan Malhotra was appointed as a Whole Time Director of the Company for a period of 3 years commencing from 1st April, 2010 to 31st March, 2013 in the Board Meeting held on 29.10.2010. Your Board recommends for the approval of members the appointment of Mr. Gagan Malhotra as Director as well as Whole Time Director.

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. SUBSIDIARY COMPANY

CHL International, a Joint Venture Company at Dushanbe, Tajikistan, is constructing a Hotel at Dushanbe very near to Dushanbe International Airport. All the works and structure of the Hotel have already been completed and is expected to be operational by first quarter of the year 2012.

As on the Balance Sheet date, your company holds 338,940 equity shares of 100 Somoni each in CHL International comprising of 70% of its share capital, equivalent to Rs.36.32 Crore, including call in arrears Rs. 4.16 Crore.

Your company has furnished a Corporate Guarantee to the extent of US \$18.00 million to the Export Import Bank of India on behalf of the subsidiary company

CHL International was awarded four contracts from NHPC, for draining and de-silting the Varzob River and also for repairing the dam structure of the river. Out of which two contracts were successfully completed.

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

7. CONSOLIDATION OF FINANCIAL STATEMENT

Pursuant to general exemption granted in terms of Circular No. 2/2011 dated 8.02.2011 issued by Ministry of Corporate Affairs, New Delhi, under Section 212 of the Companies Act, 1956, the company has not attached Balance Sheet, Profit & Loss Account of the subsidiary company and its other documents, with the Annual Report of the Company.

However, the Company makes available of these documents upon requests by any member of the Company. Further these documents is available at the Registered Office of the Company for inspection by any member of the Company during office hours

As required under the aforesaid Circular, a summarized position of the Subsidiary has been appended to the report.

The duly audited consolidated financial statement as required under the Accounting Standard 27 and provisions of Clause 32 of the Listing Agreement has been prepared after considering the audited financial statement of your Company and its subsidiary.

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 provisions 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 PROVISIONS 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/PART OF THE YEAR.

There are no employees of the Company drawing remuneration above the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975 as amended by the Ministry of Corporate Affairs vide general Circular No. 23/2011 dated 03.05.2011