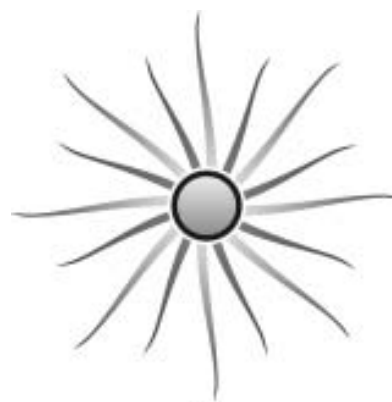




**CHL LIMITED**

**ANNUAL REPORT  
2012 - 2013**



THE  
**SURYAA**  
NEW DELHI



**34th Annual General Meeting**

Date	:	25th September, 2013
Day	:	Wednesday
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 - Executive Director  
 Mr. Subhash Ghai  
 Mr. Luv Malhotra - Joint Managing 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 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**

Hongkong & Shanghai Banking Corporation Ltd.  
 Andhra Bank  
 HDFC Bank Ltd.

**Registrar and Share Transfer Agent**

Beetal Financial & Computer Services Pvt. Ltd.  
 Beetal House, 3<sup>rd</sup> 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 34th Annual General Meeting of the members of CHL Limited will be held on **Wednesday, the 25th day of September, 2013 at 11.30 a.m.** at the Registered Office of the Company at Hotel The Suryaa, 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 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended 31.03.2013.
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 reappointed for a period of three years as Joint Managing Director commencing from 22nd September, 2013 to 21st September, 2016. 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, Joint 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 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, Joint Managing Director of the Company 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.
Miscellaneous allowances	Rs. 30,000 per month
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 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 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 reappointment of Mr. Gagan Malhotra as an Executive Director for a period of three years commencing from 1st April, 2013 to 31st March, 2016 and 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, Joint 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 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 Executive 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 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.
Misc. Allowances	Rs.30,000 per month
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 is 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 effect to the aforesaid resolution.

**By Order of the Board**

**G.J. Varadarajan**  
Company Secretary

Place : New Delhi  
Date : 14th August, 2013

## 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 17th September, 2013 to 25th September, 2013 (both days inclusive).
3. Members whose name appears as on 16th September, 2013 in the Register of Members after giving effect to all valid share transfers which are lodged with the Registrar and Share Transfer Agent before 17th September, 2013, and as Beneficial Owner at the end of the Business hours on 16th September, 2013 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 2005-06 (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), 2010-11 (Interim and Final Dividend), 2011-12 (Interim & Final Dividend) and 2012-13 (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 need 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. Final Dividend pertaining to the financial year 2005-2006 is being transferred to Investors Education and Protection Fund in the last week of September, 2013. As such it will not be possible to entertain dividend claim after August, 2013.
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 are requested to register their e-mail addresses with the Company for Report and Annual Accounts, Notices etc in electronic mode as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.
9. Member wishing to obtain the information about the Company or view the Accounts of the Company for the Financial Year ended 31.03.2013 may visit the company's website [www.chl.co.in](http://www.chl.co.in).
10. Shareholders may bring their copies of the Annual Report to the Meeting.
11. 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 32nd Annual General Meeting of the Company Mr. Luv Malhotra was appointed as Executive Director for a period of three years w.e.f. 22.09.2010 to 21.09.2013. It is desired to reappoint him for a further period of three years from 22.09.2013 to 21.09.2016. His designation was changed from Executive Director to Joint Managing Director of the Company by the Board of Directors of the Company in their meeting held on 01.05.2013. Further, in the Board Meeting held on 14.08.2013, he has been reappointed as Joint Managing Director for a period of three years w.e.f. 22.09.2013 to 21.09.2016, subject to the approval of shareholders in the ensuing Annual General Meeting.

He has an experience of over 14 years in the hospitality industry. He oversees the day-to-day operations and strategic planning of the Company. He holds the position of Vice President in Hotel & Restaurant Association of Northern India. His remuneration has been recommended by the Remuneration Committee.

No other Directors except Mr. Luv Malhotra and Dr. L. K. Malhotra are interested in the resolution.

The Explanatory Statement together with the accompanying Notice is to be treated as the relevant abstracts of the terms of remuneration under section 302 of the Companies Act, 1956.

**Item No. 8**

In the 32nd Annual General Meeting of the Company, Mr. Gagan Malhotra was appointed as Whole Time Director for a period of three years w.e.f. 01.04.2010 to 31.03.2013. Since his tenure was expiring on 01.04.2013, in the Board Meeting held on 08.02.2013, he was reappointed as Whole Time Director of the Company for a period of three years w.e.f. 01.04.2013 to 31.03.2016 subject to the approval of shareholders in the ensuing Annual General Meeting. Further in the Board Meeting held on 01.05.2013, his designation was changed from Whole Time Director to Executive Director w.e.f. 01.05.2013.

His remuneration is recommended by the Remuneration Committee.

He has been rich professional experience of over two decades spanning FMCG Distribution, Logistics, Agri Commodities as well as Project and Operational Management. He has an expertise in business development, planning and strategic market plan execution.

No other Directors except Mr. Gagan Malhotra are interested in the resolution.

The Explanatory Statement together with the accompanying Notice is to be treated as the relevant abstracts of the terms of remuneration under section 302 of the Companies Act, 1956.

**By Order of the Board**

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

Place : New Delhi

Date : 14th August, 2013

## DIRECTORS' REPORT

### TO THE MEMBERS OF CHL LIMITED

Your Directors are pleased to present their 34th Annual Report together with the Audited Accounts for the year ended 31st March 2013.

#### 1. FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

Particulars	2012-13 (Rs. in lacs)	2011-12 (Rs. in lacs)
<b>Total Income</b>		
Sales	5590.41	6238.55
Other Income	283.47	424.26
<b>Less: Total Expenses</b> (Inclusive of exceptional items)	<b>4275.31</b>	<b>4906.15</b>
<b>Gross Profit before Interest, Depreciation and Tax</b>	<b>1598.57</b>	<b>1756.66</b>
Less : Financial Charges	375.76	485.80
Depreciation	474.36	485.13
	<b>850.12</b>	<b>970.93</b>
<b>Profit Before Tax</b>	<b>748.45</b>	<b>785.73</b>
Less: Provision for Tax	243.99	329.60
<b>Net Profit after Tax</b>	<b>504.46</b>	<b>456.13</b>
Add : Profit brought forward from last year	4372.95	4251.67
<b>Profit available for appropriation</b>	<b>4877.41</b>	<b>4707.80</b>
<b>APPROPRIATIONS</b>		
<b>Transferred to General Reserves</b>	<b>80.00</b>	<b>80.00</b>
<b>Proposed Dividend on equity shares including interim dividend</b>	<b>219.27</b>	<b>219.28</b>
Tax on Dividend	35.57	35.57
Balance carried to Balance Sheet	<b>4542.57</b>	<b>4372.95</b>

Sales and other incomes for the year under review at Rs. 5873.88 lacs is lower than that of the previous year at Rs. 6662.81 lacs by 11.84%.

Operating profit before depreciation, finance charges and tax at Rs. 1598.57 lacs for the year under review as compared to Rs. 1756.66 lacs for the previous year, is lower by 8.99 %.

Net Profit after providing tax for the year under review is Rs. 504.46 lacs as compared to Rs. 456.13 lacs for the previous year, thus increased by 10.59% over the previous year. This was possible by containing the input cost and other expenses during year under review.



**2. BUSINESS REVIEW**

The Hotel industry overall was not able to meet its revenue targets due to economic slowdown, companies cutting their travel budgets, decrease in inbound and domestic traffic.

In 2012-13, the inbound tourism suffered due to adverse economic effect, and high taxes.etc. The industry is unhappy with the government policies, as the hospitality industry is being highly over taxed. The multiple taxes which have been imposed by the government have created a hurdle for inbound tourism.

The coming year is full of scope for the hospitality industry. The government is planning to launch a new chapter of Inland Waterways Authority of India, where cruise tourism in India will be promoted. As cruise tourism is regularly gaining popularity among the Indian as well as foreign tourists, we can explore this opportunity. In the coming year our economy should regain a trajectory of high growth and outlook for the company is expected to grow.

**3. DIVIDEND**

The Board has already declared an interim dividend @ Rs. 1.00 per equity share in the Board Meeting held on 08.02.2013 for the financial year ended 31.03.2013.

The Board further recommended a Final Dividend @ Rs. 1.00 per equity share in respect of the Financial Year under review in the Board Meeting held on 30.05.2013.

The Final Dividend, together with the Interim Dividend, will make the total dividend @ Rs. 2.00 (20%) 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 254.84 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.

Mr. Luv Malhotra, whose tenure is expiring on 21.09.2013, is being re-appointed as Joint Managing Director of the Company w.e.f. 22.09.2013 to 21.09.2016 for a period of three years.

Mr. Gagan Malhotra, whose tenure expired on 31.03.2013, is being re-appointed as Executive Director of the Company w.e.f. 01.04.2013 to 31.03.2016 for a period of three years.

**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**

As you are aware, CHL International, a Joint Venture Company at Tajikistan, is constructing a hotel at Dushanbe Tajikistan. The Hotel is under final phase of completion in respect of roadwork. Guest Rooms, Public Areas, Back of House etc. The operation of the Hotel is expected to commence soon under the name 'Sheraton Dushanbe'.

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

**7. CONSOLIDATION OF FINANCIAL STATEMENT**

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

The Annual Accounts of the Subsidiary companies and the detailed information shall be made available to the shareholders seeking any information relating to consolidated accounts at any point of time. The annual accounts of the subsidiary shall be kept for inspection by shareholders in the head office of the holding company and the subsidiary company.

## **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 THROUGHOUT 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 (Particulars of Employees) Rules 1975.

## **11. SECRETARIAL AUDIT**

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

## **12. AUDITORS' REPORT**

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

## **13. AUDITORS**

### **Statutory Auditors**

M/s G. Rai & Co. Chartered Accountants, Auditors of the Company, retire at the close of the Annual General Meeting and are 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 Board has recommended their appointment. The necessary resolution is being placed before the shareholder for their approval.

### **Internal Auditors**

M/s L.N. Malik & Co. Chartered Accountants have been conducting periodic internal audit of all operations of the Company. Internal Audit Reports are regularly placed before the Audit Committee for their review and for recommendation to the Board.

## **14. FIXED DEPOSITS**

The Company has not accepted deposits within the meaning of Company's (Acceptance of Deposits) Rules 1975 from public during the year. There is no unpaid or unclaimed deposits lying with the Company.

## **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.