



A N N U A L R E P O R T 1 9 9 8 - 9 9



SINCLAIR'S HOTELS & TRANSPORTATION LIMITED

Board of Directors

Mr. Navin Suchanti, *Chairman*

Dr. Niren Suchanti

Mr. P.K. Goenka

Mr. S. M. Borar

Mr. Prabir Chakravarti

Mr. D.K. Basu (*WBFC Nominee*)

Auditors

Messrs Mookherjee, Biswas & Pathak

Chartered Accountants

Branch Auditor

Messrs R. Ramakrishnan & Co.

Chartered Accountants

Registered Office

56A, Mirza Ghalib Street

Calcutta 700 016

Hotels

Hotel Sinclairs, Siliguri

Hotel Sinclairs, Darjeeling

Hotel Sinclairs Bayview, Port Blair

Hotel Sinclairs, Ooty

Project

Sinclairs Retreat, Dooars

Chalsa, West Bengal

DIRECTORS REPORT

To the members,

Your Directors have pleasure in presenting their twentyseventh Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Year ended 31.03.99	Year ended 31.03.98 (Rs.in lacs)
Gross Income	1241.84	999.43
Profit for the year before interest and depreciation	194.85	198.89
Less : Finance charges	49.60	54.59
Depreciation	84.93	84.70
Profit before tax	60.32	59.60
Provision for taxation	6.35	6.50
Profit after tax	53.97	53.10
Profit brought forward	10.28	5.10
Profit available for appropriation	64.25	58.20
Appropriations		
Transfer to General Reserve	5.00	3.00
Proposed dividend -		
on Preference Shares	15.00	15.00
on Equity Shares	22.86	19.99
Transfer to Lease Equalisation Reserve	2.23	6.42
Corporate Dividend Tax	4.16	3.50
Balance carried to Balance Sheet	15.00	10.29
	64.25	58.20

DIVIDEND

Your Directors are pleased to recommend a tax free dividend of 15% on preference shares of Rs.10 each and 10% on equity shares of Rs.10 each. Dividend on shares allotted to the shareholders of Benchmark Homes & Resorts Ltd and on shares allotted on conversion of Zero Interest Fully Convertible Debentures (ZIFCDs) shall be on prorata basis, subject to full payment of the calls payable on the ZIFCDs. The dividends, if approved at the Annual General Meeting will absorb a sum of Rs.37.86 lacs.

ALLOTMENT OF SHARES

In terms of the order of the Hon'ble High Court at Calcutta, approving the amalgamation of Benchmark Homes & Resorts Ltd (BHRL) with the company, the shareholders of BHRL have been allotted 1,76,575 equity shares of the company.

In terms of the Letter of Offer dated May 26, 1997, holders of Zero Interest Fully Convertible Debentures have been allotted 9,99,999 equity shares of Rs.10 each at a premium of Rs.40 per share.

PERFORMANCE

Despite difficult market conditions, the performance of the company showed modest improvement during the year under review. The total income increased to Rs.1241.84 lacs as compared to Rs.999.43 lacs in the previous year. The company has reported a net profit of Rs.64.25 lacs during the year under review. The cash profit during the year was Rs.145.25 lacs.

SINCLAIRS RETREAT, DOOARS

Your Directors are pleased to inform that the first phase of the luxury resort at Chalsa Hill Top in the Dooars region of North Bengal is nearing completion and is expected to be commissioned in the current fiscal year.

The resort has been constructed on 20 acres of land amidst the tea gardens and wildlife sanctuaries. The resort comprises of 12 cottage clusters consisting of 72 rooms. The resort has modern facilities including multicuisine restaurant, bar, banquet and conference halls with all amenities.

The resort is first of its kind in Eastern India and is being implemented at a cost of approximately Rs.7 crores.

CURRENT & FUTURE PROSPECTS

The ongoing economic recession, has affected the tourism industry in India. Corporate seminars and conference business have declined considerably which has been affecting the operations of the hotels. The general election is also expected to affect both domestic and international

tourist inflow. The prospects for the current year therefore looks difficult. However, the company has drawn out an aggressive marketing plan to counter the effect of the external environment.

The company is also in the process of setting up a full fledged money changers facility at Calcutta.

With the commencement of operations of the Chalsa unit, your company will have five hotel properties under its wing. You will recall that at the time of change in management in 1990, your company owned two hotels at Darjeeling and Siliguri. The additions at Port Blair, Ooty and Chalsa have significantly altered the profile of your company. Moreover, borrowings and increase in capital have been significantly low considering the market value of the additional properties.

The company is endeavouring that the increase in sales of existing units partly offsets the pressure on profitability due to the initial operative and interest costs of the Chalsa unit. Once the operations of Ooty and Chalsa get stabilised, your directors envisage significant long term growth in income and profitability.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of your company do not require energy consumption of any significant level. The company also does not use any imported technology. Therefore, information regarding conservation of energy and technology absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988 are not annexed.

During the year, your company earned Rs.8,67,485 in foreign exchange (Previous year Rs.10,99,213). There was no expenditure in foreign currency.

FIXED DEPOSITS

The fixed deposits of the company as on March 31, 1999 was Rs.1,51,84,000. There are no overdue or unclaimed deposits. The company has not accepted any fresh deposits during the year.

DIRECTORS

Dr. Niren Suchanti and Mr. Navin Suchanti, Directors retire at the ensuing Annual General Meeting and offer themselves for reappointment.

LISTING REQUISITES

The equity shares of the company are listed at the Calcutta and Mumbai Stock Exchanges and the annual listing fees for each of these stock exchanges have been paid upto 1999-2000.

The operations of the company are now Y2K compliant.

AUDITORS

M/s Mookherjee, Biswas and Pathak, Chartered Accountants, Auditors of the company who retire at the ensuing Annual General Meeting offer themselves for re-appointment.

It is also proposed to reappoint M/s R Ramakrishnan & Co., Chartered Accountants as Branch Auditors in respect of the company's hotel at Ooty.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for the co-operation extended by the Government of West Bengal, the Andaman & Nicobar Islands Administration, the Government of Tamil Nadu and by other authorities, financial institutions and banks and look forward to their continued support.

The Directors also wish to thank all the shareholders for their continued support.

Regd. Office :
56A Mirza Ghalib Street
Calcutta 700 016
Dated : May 31, 1999

On behalf of the Board

Navin Suchanti
Chairman

AUDITORS' REPORT

We have audited the attached Balance Sheet of Sinclairs Hotels and Transportation Limited as at 31st March 1999 and the annexed Profit and Loss Account for the year on that date :-

1. The Report of the Branch Auditors of Ooty Division, M/s R Ramakrishnan & Co., Chartered Accountants, has been received and considered by us in the preparation of this Report.
2. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
3. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
4. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account.
5. In our opinion the Balance Sheet and Profit and Loss Account complies with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
6. In our opinion, and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account, read in conjunction with Notes and Schedules annexed thereto, give in the prescribed manner, subject to Note IX, Schedule 21 regarding non ascertainment of quantitative details of turnover and consumption of provisions and stores the information required by the Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at 31st March 1999 and its profit for the year ended on that date.
7. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - 7.01 a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company have been

physically verified by the Management at the end of the year and no material discrepancies between the book records and the physical inventory have been noticed.

- 7.02 None of the fixed assets of the Company has been revalued during the year.
- 7.03 The stock of stores, provisions, food, beverage, etc. have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- 7.04 In our opinion, the procedures of physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- 7.05 The discrepancies between the physical stocks and the book stocks have been properly dealt with and those were not material.
- 7.06 In our opinion, the valuation of stocks has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- 7.07 The Company has not taken any loans, secured or unsecured from Companies, Firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or Companies under the same Management as defined under Section 370 (1B) of the Companies Act, 1956.
- 7.08 The Company has not granted any loans, secured or unsecured to Companies, Firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or Companies under the same Management as defined under Section 370 (1B) of the Companies Act, 1956.
- 7.09 Interest-free loans and advances in the nature of loans have been given to employees and other parties, who are repaying the principal amounts as stipulated.
- 7.10 In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of stores, provisions, beverage etc including components, plant and machinery, equipment and other