



Annual Report

2007-2008



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Niren Suchanti, Chairman
Navin Suchanti, CEO & Managing Director
Siddhartha Yog
Rohan Sikri
Rohan Suchanti
Hardeep Sachdeva
Randhir Narayan
Vikash Kuthari, Wholetime Director

COMPANY SECRETARY & COMPLIANCE OFFICER

T K Banerjee

CHIEF ACCOUNTANT

B L Soni

AUDITORS

Mookherjee, Biswas & Pathak
Chartered Accountants

REGISTERED OFFICE

56A, Mirza Ghalib Street
Kolkata 700 016

CORPORATE OFFICE

Pressman House,
10A Lee Road,
Kolkata 700 020
Phone : 2280-1317-20
Fax : (033) 2280-0813
email : kolkata@sinclairshotels.com

HOTELS & RESORT

Hotel Sinclairs Siliguri
Hotel Sinclairs Darjeeling
Hotel Sinclairs Bay View Port Blair
Hotel Sinclairs Ooty
Sinclairs Retreat Dooars Chalsa

REGISTRAR & TRANSFER AGENT

Niche Technologies Pvt Ltd
D-511, Bagree Market
71, BRB Bose Road (Canning Street)
Kolkata 700 001
Phone : 2234 3576, 2235 7270/7271
Fax : (033) 2215 6823
Email : nichetechpl@nichetechpl.com

WEBSITE

www.sinclairshotels.com

NOTICE

Notice is hereby given that the Thirty-sixth Annual General Meeting of the company will be held at Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata 700 020 on Wednesday, 13th day of August, 2008 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2008 and the Balance Sheet as on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a director in place of Dr Niren Suchanti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following as ordinary resolutions :

4. "RESOLVED THAT Mr Siddhartha Yog be and is hereby appointed as a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
5. "RESOLVED THAT Mr Rohan Sikri be and is hereby appointed as a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
6. "RESOLVED THAT Mr Hardeep Sachdeva be and is hereby appointed as a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
7. "RESOLVED THAT Mr Rohan Suchanti be and is hereby appointed as a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."
8. "RESOLVED THAT Mr Randhir Narayan be and is hereby appointed as a Director of the Company pursuant to Section 257(1) of the Companies Act, 1956."

Regd. Office:
56A Mirza Ghalib Street
Kolkata 700 016
Dated: 27th June, 2008

For and on behalf of the Board
T K Banerjee
Company Secretary

NOTES:

1. A member entitled to attend and vote may appoint a proxy to attend and on poll to vote in his stead. A proxy need not be a member of the company. Proxies to be effective, should be deposited at the registered office not later than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Register will remain closed from 07.08.2008 to 13.08.2008 (both days inclusive).
3. M/s Mookherjee Biswas & Pathak, the retiring auditors, have expressed their unwillingness to seek reappointment for the financial year 2008-09. The company has received a letter from a member proposing the name of M/s S. R. Batliboi & Co, Chartered Accountants together with confirmation as required u/s 224(1B) of the Companies Act, 1956 for appointment as Auditors.
4. Members holding their shares in physical form are requested to convert their shares into dematerialised form. The ISIN No. of the company is INE985A01014.
5. Members are requested to inform of any change in their address immediately, mentioning their folio number.
6. Members desirous of obtaining any information/clarification(s) concerning the accounts and operations or intending to raise any query are requested to forward the same at least 10 days before the date of meeting at the registered office, so that the same may be attended to appropriately.
7. A copy of Balance Sheet, Profit & Loss Account, Auditor's Report and every other documents required by law to be annexed or attached to the Annual Report shall be available for inspection at the Registered

Office of the Company during working hours for a period of 21 days before the date of Annual General Meeting and is also available on the website of the Company (www.sinclairshotels.com)

8. Brief resume of the directors to be re-appointed/appointed are disclosed in corporate governance report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 Item No. 4, 5, 6, 7 & 8

At a meeting of the Board of Directors on 18th December, 2007, Mr Siddhartha Yog, Mr Rohan Sikri, Mr Hardeep Sachdeva, Mr Rohan Suchanti and Mr Randhir Narayan were appointed as additional directors under section 260 of the Companies Act, 1956.

Mr Siddhartha Yog is the Managing Director of the The Xander Group Inc. USA and co- founded the firm with Mr Arthur Segal. He has 14 years of global experience in the real estate and infrastructure industries spanning 15 countries across Asia/Pacific. He has written extensively in financial dailies and magazines; especially on issues relating to structural reform in real estate, alternative models for profitable development of mass housing. He also served on the board of directors of the Harvard Business School Alumni Association.

Mr Rohan Sikri is the Managing Director of Xander Advisors India Private Limited. He has 9 years of experience in real estate, corporate finance and investment advisory. He was the head of the Corporate Finance Practice of CB Richard Ellis(India). He has been responsible for structuring some of the largest FDI and domestic real estate investment transactions in the country. Mr Sikri has experience across multiple Asian Markets other than India including Japan, Singapore, Vietnam, Thailand and the Middle East.

Mr Hardeep Sachdeva has been an active corporate lawyer for the last 14 years. He graduated from Campus Law Centre, Delhi University in the year 1995 and enrolled with the Bar Council of Delhi. He is a partner in AZB & Partners, Advocates & Solicitors. His main areas of practice are major corporate acquisitions, joint ventures, restructuring, foreign inward investment, corporate law, Monopolies & Restrictive Trade Practices Act, 1961 and other related statutes.

Mr Rohan Suchanti graduated as a marketing major from USA. He has over 10 years of experience in sales, business development and marketing. Mr Randhir Narayan is a graduate of Salzburg University, Austria, with specialization in Tourism Organization, Advertising and Convention Business. He handled operational and international marketing portfolios at both unit and corporate levels with The Oberoi Group. His last assignment was that of Regional Marketing Head - Middle East, based at Dubai, UAE.

Pursuant to Section 257(1) of the Companies Act, 1956, the Company has received candidature of Directorships of Mr Siddhartha Yog, Mr Rohan Sikri, Mr Hardeep Sachdeva, Mr Rohan Suchanti and Mr Randhir Narayan from shareholders along with requisite deposit. The Board considers that the Company will benefit immensely from their association. The Board therefore recommends the resolutions set out at items 4 to 8 for your approval.

Notices received from shareholders pursuant to Section 257(1) of the Companies Act, 1956 referred to above are available for inspection at the registered office during working hours and also at the venue on the date of Annual General Meeting.

Mr Siddhartha Yog, Mr Rohan Sikri, Mr Hardeep Sachdeva, Mr Rohan Suchanti and Mr Randhir Narayan are concerned and interested in the respective resolutions for their appointments.

Dr Niren Suchanti and Mr Navin Suchanti being related to Mr Rohan Suchanti, are concerned and interested in the resolution proposed at item no 7 of the notice.

Regd. Office:
56A Mirza Ghalib Street
Kolkata 700 016
Dated : 27th June, 2008

For and on behalf of the Board
T K Banerjee
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS OF SINCLAIRS HOTELS LIMITED

Your Directors have pleasure in presenting the Thirty-sixth Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
1. Gross Income	1192.21	1122.23
2. Profit before depreciation	511.63	462.04
Less : Depreciation	96.34	84.62
3. Profit before tax	415.29	377.42
4. Extra Ordinary Item	—	74.68
5. Profit after Extra Ordinary Item	415.29	452.10
6. Provision for taxation	143.16	117.75
7. Profit after tax	272.13	334.35
6. Profit brought forward	87.05	52.70
7. Profit available for appropriation	359.18	387.05
8. Transfer to General Reserve	350.00	300.00
9. Balance carried to Balance Sheet	9.18	87.05
	359.18	387.05

OPERATIONS AND PERFORMANCE

The year under review was one of consolidation. The hotel units at Ooty, Port Blair and Darjeeling were partially closed for renovation and refurbishing, as a result of which the growth in sales during the current year was modest. In Port Blair, 22 new rooms are now operational. It is expected that the company will record much higher growth in the current year.

The operating systems in all the properties are now fully computerized resulting in better MIS and controls.

The approvals for real estate development in the vacant land at Siliguri have been received and the company proposes to commence work in the project in the current year. This project is likely to contribute substantially to the company's profitability in the coming years.

EQUITY CAPITAL

In order to strengthen the capital base of the company to fund the growth plans of the company, a preferential allotment of shares and warrants was made to Xander Group Inc, of USA—Strategic Investor, Meridia Capital Group of Spain and Morgan Creek Group of USA—Other Investors and the promoters group. They are highly reputed investors and the infusion of fresh equity in the company will enable it to grow at a fast pace.

An allotment of 353384 equity shares of Rs.10 each at a premium of Rs.162.50 per share and 25,35,266 warrants was made to them. The warrants entitle the holder to receive and be allotted in one or more tranches, one equity share of Rs.10 at a premium of Rs.162.50 per share within 18 months from the date of allotment ie.18th December 2007.

During the current quarter, 969923 warrants issued to strategic investors and other investors were converted into 96923 equity shares of Rs.10/- each. This has resulted in increase in the Paid-up Equity Share Capital by Rs.96.99 lacs and Reserves by Rs.1576.12 lacs.

FUTURE PLANS

The company is actively looking at expanding its chain of hotels. It has identified 4.6 acres of land in Kalimpong where a luxury resort will be set up. In addition it is looking at strategic partnership to set up properties in a couple of locations in Sikkim.

The company is in talks with West Bengal Government to acquire land in a few other destinations in the State. In this connection the company has signed an MOU with West Bengal Tourism Development Corporation Limited and Sunderbans Infrastructure Development Corporation Limited with a view to facilitate acquisition of land.

To actualize its plans to set up a hospitality management institute, the company has formed a fully owned subsidiary Sinclairs Management Education Co. Pvt Ltd. Application has been made to the Government of West Bengal for allotment of suitable land in South Bengal for setting up the institute.

DIVIDEND

In view of the growth plans of the company and the need to conserve resources, the Board does not recommend any dividend.

SEBI REGULATION & LISTING FEES

Your Company's Annual Report, Corporate Governance Report, Shareholding Pattern, etc. can also be accessed at the SEBI's website www.sebidifar.nic.in.

The annual listing fees for the year under review has been paid to Bombay Stock Exchange Ltd and The Calcutta Stock Exchange Association Ltd, where your company's shares are listed.

DIRECTORS

Mr Prabir Chakravarti, Mr S M Borar and Mr Sushil Kumar Mor resigned on 18th December, 2007. The Board wish to place on record its appreciation of the services rendered by them during their tenure.

Mr Siddhartha Yog, Mr Rohan Sikri, Mr Hardeep Sachdeva, Mr Rohan Suchanti and Mr Randhir Narayan were appointed as additional directors on 18th December, 2007. All the Directors shall hold office up to the date of next Annual General Meeting. The Company has received necessary notices from shareholders along with requisite deposit proposing the appointment of Mr Siddhartha Yog, Mr Rohan Sikri, Mr Hardeep Sachdeva, Mr Rohan Suchanti and Mr Randhir Narayan as Directors.

Dr Niren Suchanti retires by rotation and being eligible offers himself for re-appointment.

AUDITORS

M/s Mookherjee, Biswas and Pathak, Chartered Accountants, the retiring auditors have expressed their unwillingness to seek re-appointment at the ensuing Annual General Meeting. The company has received a letter from a member u/s 225(1) of the Companies Act, 1956 proposing the name of M/s S R Batliboi & Co. Chartered Accountants together with a letter of confirmation as required u/s 224(1B) of the Companies Act, 1956 for appointment of Auditors, subject to approval by members of the Company.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with Stock Exchanges, a Report on Corporate Governance is provided elsewhere in this Annual Report along with the Auditors' Certificate on the compliance thereof.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors to the best of their knowledge and belief, state that the Company maintains proper accounting records which disclose with reasonable accuracy, the financial position of the Company.

Further, your Directors state that these accounting records have formed the basis for the preparation of financial statement of the Company in compliance with the provisions of the Companies Act, 1956 including any amendments thereto.

Your Directors also confirm that the financial statements of the Company are prepared in such manner to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2008 and of the profit of the Company for the year to that date.

Your Directors state that in preparing the aforesaid financial statements of the Company, appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates, whilst applicable accounting standards have been followed and that these financial statements have been prepared on going concern basis.

Further, your Directors to the best of their knowledge and belief, state that appropriate internal control systems are in place which are reasonably expected to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

PARTICULARS OF 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 is not annexed.

During the year, as a measure to conserve resources and protect environment, the Company has decided to go for installation of solar energy systems in its various units.

During the year, your company earned Rs.30,92,327/- in foreign exchange (previous year Rs.2,323/-). There was expenditure in foreign currency of Rs.10,033/- (previous year : Rs.11,442/-).

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

DEMATERIALISATION OF SHARES

The shares of your company can only be traded in demat form. The shareholders are, therefore, requested to dematerialise their holdings. The Security Code No. (ISIN) is INE 985A01014.

PARTICULARS OF EMPLOYEES

There were no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1956 as amended.

ACKNOWLEDGEMENT

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

The Directors wish to thank all the shareholders and the employees for their support and co-operation.

Regd. Office:
56A Mirza Ghalib Street
Kolkata 700 016
Dated : 27th June, 2008

For and on behalf of the Board
Dr Niren Suchanti
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

We submit herewith the management discussion and analysis report on the business of the company.

Industry Structure and developments

In the last couple of years, the Indian hospitality industry is seeing good times, better than ever before. Hotels across all segments are reporting strong occupancies and average rate. A buoyant domestic economy, the aviation and real estate boom, initiatives to liberalize foreign investment and improve infrastructure have contributed to strong demand conditions across the country.

From just a seven-eight-brand hotel market a few years ago, India will be a 40-brand hotel market by 2010, redefining both the personality and structure of the hospitality industry. Clearly, some very important changes will be required, at a micro and a macro level, and these adjustments will become dominant issues for the industry in the next three to five years. With the influx of international brands and global funds, the Indian hospitality sector will witness fundamental alterations in its organization and management. Matters relating to corporate governance, talent retention and strategic development will emerge as core issues in the coming years.

Opportunities and Threats

India has seen a meteoric rise of the Indian hospitality industry and it is expected it will surge ahead of several other sectors in the coming years. There are ample opportunities within this industry, and this augurs well for the future.

However, for the existing Indian hospitality companies to survive in a fast changing industry situation, it is important to adopt to the changing trends in the industry. The most fundamental change would arise from emergence of strong international competition, which would require domestic hotel chains and existing players to 'shape up' Accompanying the entry of new branded properties will be stiff competition for talent. Money will no longer be the only motivation; those seeking to make a career in hospitality will closely evaluate the hotel's work environment and work culture and opportunities to learn and grow.

The Marketing and Finance functions will emerge as key drivers of the industry. The role of General Manager would undergo a sharp shift, from its traditional mode of 'managing things' to a more focused approach on improving bottom line.

The country's fast changing political situation and the recent regional unrest in the North Bengal and the hills is a matter of concern for the tourism industry in the region. The industry is likely to be affected seriously if a long-term amicable solution is not arrived at soon.

Outlook

Despite the global economy slowing down and rising inflation across the globe on account of mounting crude oil prices, the Indian tourism industry is likely to witness growth in the long term.

Favourable demographics and rapid economic growth point to a long-term up trend in the domestic demand for hotels – for business and leisure. Foreign tourist arrivals are targeted to grow to 10 million by 2010. Domestic tourism is also expected to increase by 15% to 20% p.a. over the next five years.

Risks and Concerns

Tourism industry can be severely affected on account of :

- a) Law and order situation in the country or the region
- b) Political instability
- c) Any natural disaster or spread of diseases

Risk mitigation

The company's five properties are well spread and will therefore, have greater resilience in case of any regional disturbances or natural calamities.

Substantial investments are being made by the company to upgrade the facilities and the service standards and as a result it will be in a position to counter the risk from growing competition.

Internal control system and their adequacy

Your company maintains adequate internal control systems commensurate with the Company's size and business, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets. The systems and processes are continually reviewed for its effectiveness and augmented by documented policies and procedures.

Material developments in Human Resources

Human resource functions and initiatives of your Company to attract, train, retain and motivate employees are driven by a strong set of values and policies. Your Company has taken all adequate and necessary steps from time to time to maintain a competitive, healthy and harmonious work environment at all levels.

To pursue the growth plans of the Company, efforts continue for increasing the manpower strength and retaining the good talent. During the year under review, the manpower strength has increased from 147 to 177 as of 31st March, 2008.

AUDITOR'S CERTIFICATE

(Under Clause 49 of the Listing Agreement)

TO THE MEMBERS OF SINCLAIRS HOTELS LTD

We have examined the compliance of conditions of Corporate Governance by Sinclairs Hotels Ltd (the Company) for the year ended on 31st March, 2008, as stipulated in clause 49 of the Listing Agreements of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mookherjee Biswas & Pathak
Chartered Accountants
S K Pathak
Partner

Kolkata
27th June, 2008

CODE OF CONDUCT**DECLARATION**

(As required under Clause 49 of the Listing Agreement in relation to Code of Conduct)

I, Navin Suchanti, CEO & Managing Director, Sinclairs Hotels Ltd, to the best of my knowledge and belief, hereby declare that all board members and senior management personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2008.

Kolkata
27th June, 2008

Navin Suchanti
CEO & Managing Director



REPORT ON CORPORATE GOVERNANCE

I. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as :

- Fair and transparent business practices.
- Effective management control by Board.
- Adequate representation of promoter, executive and independent directors on the Board.
- Accountability for performance.
- Compliance of laws.
- Transparent and timely disclosure of financial and management information.

II. BOARD OF DIRECTORS

The Board of Directors of Sinclairs Hotels Ltd comprises of six non-executive and two executive directors. Out of six non-executive directors, four are independent.

During the financial year 2007-2008, six meetings of the board were held.

These meetings were held on 8th June, 2007, 26th July, 2007, 11th October, 2007, 31st October, 2007, 18th December, 2007 and 29th January, 2008.

The time gap between two meetings was less than three months.

Details and other particulars of Directors are given below :

Name	Designation	Category	Equity Shareholding in the Company
Dr Niren Suchanti	Chairman	Promoter Director	2500
Mr Navin Suchanti	CEO & Managing Director	Executive Promoter Director	Nil
Mr Siddhartha Yog	Director	Independent Director	Nil
Mr Rohan Sikri	Director	Independent Director	Nil
Mr Rohan Suchanti	Director	Promoter Director	Nil
Mr Hardeep Sachdeva	Director	Independent Director	Nil
Mr Randhir Narayan	Director	Independent Director	Nil
Mr Vikash Kuthari	Wholtime Director	Executive Director	10000

Details of Directors' attendance and other particulars are given below :

Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM Attendance (Yes/No)	No. of memberships in Board of other Public Companies	No. of Committee memberships in other Public Companies *
Dr Niren Suchanti	6	2	No	7	Nil
Mr Navin Suchanti	6	5	Yes	10	2
Mr S M Borar**	6	4	Yes	Nil	1
Mr Prabir Chakravarti**	6	4	Yes	10	5
Mr Sushil Kr Mor**	6	5	No	Nil	1
Mr Siddhartha Yog***	6	2	No	1	Nil
Mr Rohan Sikri***	6	2	No	1	Nil
Mr Rohan Suchanti***	6	1	No	3	Nil
Mr Hardeep Sachdeva***	6	2	No	1	Nil
Mr Randhir Narayan***	6	1	No	Nil	Nil
Mr Vikash Kuthari	6	1	No	Nil	Nil

* Chairmanship/Membership Audit Committee and Investor Grievance Committee in Public Companies

** Resigned w.e.f. 18.12.2007

*** Co-opted as additional director w.e.f. 18.12.2007