



**Annual Report  
2009-2010**



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## CORPORATE INFORMATION

### Board of Directors

Dr Niren Suchanti, Chairman  
Navin Suchanti, CEO & Managing Director  
Siddhartha Yog  
Rohan Sikri  
Hardeep Sachdeva  
Kunal Bose  
Pallavi Puri  
Vikash Kuthari, Wholetime Director

### Company Secretary & Compliance Officer

Tapan Kumar Banerjee

### General Manager (Finance & Accounts)

B L Soni

### Auditors

S R Batliboi & Co.,  
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](mailto:kolkata@sinclairshotels.com)

### Hotels & Resort

Hotel Sinclairs Siliguri  
Hotel Sinclairs Darjeeling  
Hotel Sinclairs Bayview Port Blair  
Hotel Sinclairs Ooty  
Sinclairs Retreat Dooars Chalsa

### Registrar & Transfer Agent

Niche Technologies Pvt Ltd  
D-511, Bagree Market  
71, B R B Bose Road ( Canning Street)  
Kolkata 700 001  
Phone : 2234-3576/2235-7270/7271/3070  
Fax : (033) 2215 6823  
Email: [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)

### Investor Information Website

[www.sinclairsindia.com](http://www.sinclairsindia.com)

## NOTICE

**Notice is hereby given that the Thirty-eighth Annual General Meeting of the company will be held at Rotary Sadan, 94/2 Jawharlal Nehru Road, Kolkata 700 020 on Friday, the 17th day of September, 2010 at 10:30 am to transact the following business :**

### **AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 2010 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 Mr Hardeep Sachdeva, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Rohan Sikri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To confirm the payment of Interim Dividend on equity shares declared by the Board of Directors in its meeting held on 2nd February, 2010 as the Final Dividend.
5. 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.

Regd. Office:  
56A Mirza Ghalib Street  
Kolkata 700 016

For and on behalf of the Board

T K Banerjee  
Company Secretary

Dated: 26th May, 2010

### **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 Friday, 10.09.2010 to Friday, 17.09.2010 (both days inclusive)
3. The Board of Directors in its meeting held on 2nd February, 2010 had declared Interim Dividend of Rs.2.50 (25%) per equity share and paid the same to those members or their mandatees, whose names stood registered as beneficial owners/members of the Company as on 12th February, 2010.
4. Members holding their shares in physical form are requested to convert their shares into dematerialised form. (ISIN 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 and Loss Account, Auditors' 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.sinclairsindia.com](http://www.sinclairsindia.com))
8. Brief resume of the directors to be re-appointed are disclosed in corporate governance report.

## DIRECTORS' REPORT

### TO THE MEMBERS OF SINCLAIRS HOTELS LIMITED

Your Directors have pleasure in presenting the Thirty-eighth Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2010.

### FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Sl. No.	Particulars	Yearended 31.03.2010	Yearended 31.03.2009
1	Gross Income	1604.17	1605.51
2	Profit before depreciation and tax	632.94	589.01
3	Depreciation	132.33	132.22
4	Profit before tax	500.61	456.79
5	Provision for taxation	157.18	118.98
6	Profit after tax	343.43	337.81
7	Profit brought forward	96.99	9.18
8	Profit available for appropriation	440.42	346.99
9	Transfer to General Reserve	50.00	250.00
10	Interim Dividend	151.63	-
11	Tax on Dividend	25.77	-
12	Balance carried to Balance Sheet	213.02	96.99
		440.42	346.99

### OPERATIONS AND PERFORMANCE

The year under review was a difficult one for the Indian tourism industry. The Indian industry and business was in the grip of recessionary trends and both business and pleasure travel sectors were adversely impacted. Though the gross income was almost at the same level as last year, the profit before tax increased to Rs 500.61 lacs as compared to Rs 456.79 lacs last year, reflecting a growth of 9.5%. Similarly the profit after tax was higher at Rs 343.43 lacs as compared to Rs 337.81 lacs last year.

Your company has always enjoyed the trust and confidence of the shareholders. Your directors are extremely pleased to announce that your company is now back in the dividend list.

Your company continued to invest in its properties to ensure better guest facilities and enhancement in service standards. Your company is pursuing an aggressive sales strategy to achieve higher occupancies.

The local problems in Darjeeling district are affecting the movement of tourists in the region and this impacted the sales and profitability of the North Bengal units.

### FUTURE PLANS

The company's luxury resort project in Kalimpong is now under implementation and civil work has started at the site from February this year. In terms of the present schedule, it

is expected that the luxury resort will be operational by December 2012. Being located in D category backward district, the project will be entitled to both fiscal and tax benefits.

Your company has also finalized a luxury tourist project at Burdwan. The company has been allotted two acres of land for the project. Initially a 20 room property is being set up with extensive recreation facilities. The project is a part of the township Renaissance being promoted by the Bengal Shrachi group in joint sector with Burdwan Development Authority. We have signed a term sheet with Bengal Shrachi whereby the resort's recreational facilities will be available for use to the residents of the township. The construction of the project is likely to commence in June 2010 and it is expected to be operational by December 2012.

Your company has also finalized land for its flagship project of setting up a luxury four star business hotel in Kolkata.

With the implementation of the three projects, the total number of keys will be close to 500.

### DIVIDEND

Your Directors have paid during the year interim dividend @ 25% (Rs 2.50 per equity share of Rs 10) on 6,065,222 equity shares amounting to Rs 17,740,016 (Rupees one crore seventyseven lacs forty thousand sixteen only) inclusive of dividend distribution tax. However, in view of the growth plans, the Board does not recommend any further dividend.

### DIRECTORS

We report with profound grief and sorrow, the untimely demise of our Director Rohan Suchanti. The contribution of Rohan Suchanti to the growth of the company was immense. He played a pivotal role in enabling the company to embrace technology in a major way.

Mr Kunal Bose was appointed as a Director in the casual vacancy caused by sad and untimely demise of Rohan Suchanti on 16th November, 2009.

Mr Hardeep Sachdeva and Mr Rohan Sikri retire by rotation and being eligible offers themselves for re-appointment.

### SUBSIDIARY COMPANY

Sinclairs Management Education Co. Private Limited ceased to be a subsidiary effective 30th September, 2009.

### AUDITORS

M/s S R Batliboi & Co., Chartered Accountants retire by rotation and being eligible offer themselves for reappointment.

### CORPORATE GOVERNANCE

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by the officials of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors have prepared the annual accounts on a going concern basis.

### **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 Director), Rules, 1988 is not annexed.

As a measure to conserve resources and protect environment, the Company has installed solar energy systems in its resort at Chalsa and hotel at Ooty.

During the year, your Company earned Rs.5,879,190 in foreign exchange (previous year Rs.3,374,734). There was expenditure in foreign currency of Rs.760,225 (previous year Rs.2,123,114).

### **PUBLIC DEPOSITS**

Your company has not accepted any deposits from the public.

### **PARTICULARS OF EMPLOYEES**

There were no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars 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 : 26th May, 2010

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 Development

The state of the economy will necessarily have a major bearing on the hospitality industry. In a globalised world, domino effect is practically unavoidable. Even then, much because of the wisdom of our policymakers, the Indian economy did not go into a spin when most of the world experienced the memory's worst recession. It is no mean achievement for the country to have achieved a GDP growth of nearly 7.5 per cent in 2009-10, the second highest rate of growth in the world. If the world does not lapse into another recession as is feared by many in the context of the crisis in Eurozone then there is no reason why India should not be registering a sustainable double digit GDP growth rate. That will have a positive impact on the hospitality industry and justify the investments being made in building tourism infrastructure and expanding hotel capacity.

The year gone by was marked by healthy movement of domestic travellers while inbound tourism picked up only towards the end coinciding with the world's major economies registering growth for three quarters in a row. But the environment was such that tourists, both domestic and foreign were driving hard bargains over hotel room tariff. The tourism scene has, however, started changing for the better. Airlines are carrying more passengers, hotel occupancy rate is improving, there is more bounce in corporate travel and hotels are hosting more conferences and seminars. Hopefully, all this will result in improved earnings for hotels.

The industry has reasons to be happy that the central and state governments in their appreciation of the good that tourism could do to the economy, foreign exchange earnings and employment generation are offering tax breaks and incentive packages. At the same time, the proposed massive investments in infrastructure, including building of new airports and roads will benefit tourism.

### Opportunities and Threats

The year 2009-10 was difficult for the Indian Tourism industry. The future, however, appears bright. According to a Tourism Satellite Accounting (TSA) Research Report released by the World Travel & Tourism Council (WTTC), the demand for travel and tourism in India is expected to grow 82% between 2010 and 2019. This will place India in the third position in the world tourism pecking order. The report also expects India to become the world's fifth fastest growing business travel destination with an estimated annual growth rate of 7.6%.

The Country Brand Index, a leading global brand consultancy firm, ranks India as the 'Best Country Brand for value-for-money'. It also comes second in the category 'Best country Brand for History'. No less significant is India figuring in the list of 'rising stars' or the countries that are likely to become major tourist destinations in the next five years.

While all these are positive indicators for the tourism industry here, a major cause for concern is the limited availability of trained manpower.

According to the TSA Research Report, India's travel and tourism sector is expected to be the second largest employer in the world, engaging over 40 million people. The industry, will, therefore, have to seriously look at building in house training infrastructure to ensure that it is able to meet the needs.

The continuing uncertainty in North Bengal and the adjoining hill areas remains a cause for concern for the industry in the region.

### Outlook

The outlook for the current year is encouraging.

The massive investment in rail and road infrastructure will lead to better connectivity and facilitate growth of tourism in the country.

The Government of India has also undertaken an extensive campaign globally to promote India as a tourist destination. It is expected that there will be a growth in international tourist arrivals also.

### Risks and Concerns

Tourism industry is generally affected on account of :

- Adverse law and order situation in the country or the region
- Political instability
- Natural disaster or spread of epidemic or diseases

### Risk mitigation

The company's five properties being well spread geographically will have greater resilience in the unlikely event of any regional disturbances or natural calamities.

The company is regularly investing in its properties to upgrade the facilities and service standards. Therefore, it is 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 the 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.

## REPORT ON CORPORATE GOVERNANCE

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

The Company always 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.
- Monitoring of executive performance by the Board.

- Compliance of laws.
- Transparent and timely disclosure of financial and management information.

### II. BOARD OF DIRECTORS

The Board of Directors of comprises of five non-executive independent Directors and two executive directors.

During the financial year 2009-2010, eight meetings of the Board were held. These meetings were held on 8th April, 2009, 26th June, 2009, 31st July, 2009, 17th September, 2009, 30th October, 2009, 19th December, 2009, 28th January, 2010 and 2nd February, 2010.

**Details and other particulars of Directors are given below :**

Name	Designation	Category	Equity Shareholding in the Company
Dr Niren Suchanti	Chairman	Non-Executive Director	281915
Mr Navin Suchanti	CEO and Managing Director	Executive Director	306320
Mr Siddhartha Yog	Director	Non-Executive Independent Director	Nil
Mr Rohan Sikri	Director	Non-Executive Independent Director	Nil
Mr Hardeep Sachdeva	Director	Non-Executive Independent Director	Nil
Mr Kunal Bose	Director	Non-Executive Independent Director	Nil
Ms Pallavi Puri	Director	Non-Executive Independent Director	Nil
Mr Vikash Kuthari	Wholtime Director	Executive Director	1000

**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 Sucnanti	8	7	No	7	Nil
Mr Navin Suchanti	8	8	Yes	7	Nil
Mr Siddhartha Yog	8	5	No	Nil	Nil
Mr Rohan Sikri	8	7	No	Nil	Nil
Mr Hardeep Sachdeva	8	5	Yes	1	Nil
Mr Rohan Suchanti*	8	1	No	3	Nil
Mr Vikash Kuthari	8	5	No	Nil	Nil
Ms Pallavi Puri**	8	1	No	Nil	Nil
Mr Kunal Bose #	8	3	No	Nil	Nil

\$ Chairman/ Membership Audit Committee and Investor Grievance Committee of Public Companies

\* Ceased on 16th November, 2009

\*\* Appointed on 18th July, 2009

# Appointed on 19th December, 2009



### DETAILS OF DIRECTORS SEEKING REAPPOINTMENT

Brief resume of the director/directors being re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and shareholding are furnished hereunder :

Particulars	Mr Hardeep Sachdeva	Mr Rohan Sikri
Date of Birth	25.10.1971	17.10.1974
Date of appointment	18.12.2007	18.12.2007
Qualification	LL.B	MBA
Expertise in specific functional area	16 years experience in advising on major corporate acquisitions, joint venture, restructuring foreign inward investment, Corporate Law, Monopolies & Restrictive Trade Practices Act, 1961 and other related statutes. He is a partner of AZB & Partners, Advocates & Solicitors.	11 years experience in real estate, corporate finance and investment advisory. He is Managing Director of Xander Advisors India Pvt. Ltd.
Directorships held in Other Public Companies (excluding foreign companies, and section 25 Companies)	1	Nil
Membership/ Chairmanship of Committee of the Public Companies (includes only Audit Committee and shareholders/Investors Grievance Committee)	Nil	Nil
No of shares held in the Company	Nil	Nil

### III. AUDIT COMMITTEE

#### Terms of Reference

The Audit Committee has, *interalia*, the following mandate:

1. To oversee the Company's financial reporting process and disclosure of its financial information and ensure that the financial statements are correct, sufficient and credible.
2. To recommend appointment and removal of the Statutory Auditors and Internal Auditors, fixation of their fees, etc.
3. To review the adequacy of internal control systems with the Management, Statutory and Internal Auditors.
4. To review the audited quarterly, half-yearly and annual financial statements before submission to the Board for approval.
5. To review the Company's financial and risk management policies.

6. To review statement of significant related party transactions, management letters/letters of internal control weaknesses.

#### Composition

- |                  |   |
|------------------|---|
| Hardeep Sachdeva | - Chairman (Non-Executive Independent Director) |
| Rohan Sikri      | - Member (Non-Executive Independent Director)   |
| Navin Suchanti   | - Member (Executive Director)                   |

#### Secretary

- |              |                     |
|--------------|---------------------|
| T K Banerjee | - Company Secretary |
|--------------|---------------------|

#### By invitation

- |          |  |
|----------|--|
| B L Soni | - General Manager (Finance & Accounts) |
|----------|--|

### Meetings and attendance during the year

During the financial year 2009-2010, five meetings of the committee were held on 8th April, 2009, 26th June, 2009, 31st July, 2009, 30th October, 2009 and 28th January, 2010. The time gap between two meetings was less than four months.

Members	Meetings held	Meetings attended
Hardeep Sachdeva	5	5
Navin Suchanti	5	5
Rohan Sikri	5	5

### IV. REMUNERATION COMMITTEE

#### Terms of Reference

The Company has constituted the remuneration committee which is entrusted with the responsibility of finalizing the remuneration of executive directors. It considers the remuneration after taking into account, *inter alia*, various factors such as qualification, experience, expertise of the director, prevailing remuneration in the corporate world and financial position of the Company.

#### Composition

Siddhartha Yog	- Chairman (Non-Executive Independent Director)
Rohan Sikri	- Member (Non-Executive Independent Director)
Hardeep Sachdeva	- Member (Non-Executive Independent Director)

#### Secretary

T K Banerjee	- Company Secretary
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### A. Executive Director

Details of remuneration paid to Executive Directors for the financial year ended

31st March, 2010:

Particulars	Mr Navin Suchanti CEO & Managing Director	Mr Vikash Kuthari Wholetime Director
Salary and Allowances	-	Rs 672,000
Contribution to PF and Family Pension Fund	-	Rs 57,600
Bonus	-	Rs 96,000
Commission	Rs 10,01,229	-
Service Contract	5 years(01.04.2006 to 31.03.2011)	5 years (19.06.2009 to 18.06.2014)
Notice Period	Three months	Three months
Stock Option	None	None

### B. Non-Executive Directors

The Non-Executive Directors are remunerated for attending Board Meeting and Audit Committee Meeting. The fee for Board Meeting is Rs. 5000 and for Audit Committee Meeting, the fee is Rs. 2500.

### V. INVESTORS' GRIEVANCE COMMITTEE

#### Terms of Reference

The Investors' Grievance Committee facilitates prompt and effective redressal of shareholders' complaints and the reporting of the same to the Board periodically.

#### Composition

Rohan Sikri	- Chairman (Non-Executive Independent Director)
Navin Suchanti	- Member (Executive Director)
Rohan Suchanti*	- Member (Non-Executive Director)
Kunal Bose**	- Member (Non-Executive Independent Director)

\* Ceased on 16th November, 2009

\*\* Appointed on 2nd February, 2010

#### Secretary

T K Banerjee	- Company Secretary
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#### Meeting and attendance during the year

During the financial year 2009-2010, one meeting of the committee was held on 30th October, 2009.

Members	Meetings held	Meetings attended
Rohan Sikri	1	1
Navin Suchanti	1	1
Rohan Suchanti	1	1

### Name & Designation of Compliance Officer

T K Banerjee, Company Secretary

### VI. SHAREHOLDERS' MEETINGS

Details of Annual General Meeting/EGM held in last three years:

Year	Date	Venue	Time
2006-07	15.09.2007	Rotary Sadan 94/2 J L Nehru Road Kolkata 700020	10:30 am
EGM	08.11.2007	Rotary Sadan 94/2 J L Nehru Road Kolkata 700020	10:30 am
2007-08	13.08.2008	Rotary Sadan 94/2 J L Nehru Road Kolkata 700020	10:30 am
2008-09	19.09.2009	Kala Kunj 48 Shakespeare Sarani Kolkata 700 017	10:30 am