



Sinclairs Hotels Limited | Annual Report 2012-2013



CONTENTS

Corporate Information	1
Notice	2
Directors' Report	4
Management Discussion and Analysis Report	6
Report on Corporate Governance	7
Auditors' Report	13
Financial Statement	16

CORPORATE INFORMATION

Board of Directors

Dr Niren Suchanti, Chairman
Navin Suchanti, CEO & Managing Director
Rohan Sikri
Hardeep Sachdeva
Kunal Bose
Ravi Bhasin
Aseem Kohli
Vikash Kuthari, Wholetime Director

Company Secretary & Compliance Officer

Tapan Kumar Banerjee

General Manager (Finance & Accounts)

B L Soni

Auditors

S R Batliboi & Co. LLP
Chartered Accountants

Registered and Corporate Office

Pressman House
10A Lee Road
Kolkata 700 020

Hotels & Resorts

Sinclair's Siliguri
Sinclair's Darjeeling
Sinclair's Bayview Port Blair
Sinclair's Retreat Ooty
Sinclair's Retreat Dooars Chalsa

Projects under implementation

Sinclair's Retreat Kalimpong
Sinclair's Tourist Resort Burdwan
Sinclair's Kolkata

Registrar & Transfer Agent

Niche Technologies Pvt Ltd
Kolkata

Website

www.sinclairshotels.com

Investor information Website

www.sinclairsindia.com

NOTICE

Notice is hereby given that the Fortyfirst Annual General Meeting of the company will be held at Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata 700 020 on Saturday, 14th day of September 2013 at 10:30 a.m. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit and Loss for the year ended March 31, 2013 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 Rohan Sikri, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Hardeep Sachdeva, who retires by rotation and being eligible, offers himself for re-appointment.
4. To confirm the payment of Interim Dividend of ` 18 (180%) per equity share of ` 10 declared by the Board of Directors at their meeting held on 26th February 2013 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.

Registered Office
Pressman House
10A Lee Road
Kolkata 700 020
Dated: May 28, 2013

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 Friday, 6th September, 2013 to Saturday, 14th September, 2013 (both days inclusive).
3. The Board of Directors at their meeting held on 26th February, 2013 had declared an Interim Dividend of ` 18 (180%) per equity share of ` 10 and paid the same to those members, whose name appeared in the register of members as on 8th March, 2013.
4. Members holding shares in physical form are requested to intimate change in their registered office address and bank particulars to the Company's Registrar and Share Transfer Agent and the members holding their shares in electronic form are requested to provide this information to their Depository Participant(s) immediately.
5. Members who are yet to register their e-mail addresses with the company for receiving the Report and Accounts, Notices, etc. in electronic mode, are requested to register the same in support of the Green Initiative in Corporate Governance. The form for such registration can be downloaded from the Company's Corporate website under the section 'Investor Information'.

6. Securities and Exchange Board of India has made it mandatory for all the listed Companies to make cash payments through electronic payment modes to the investors. In cases, where either the required bank details are not available or the electronic payment instructions have failed or have been rejected by the bank, the Company shall use physical payment instrument and shall mandatorily print the bank account details of the investors on such payment instruments. Therefore, members holding shares in physical mode are requested to provide their updated bank details in the 'NECS Mandate Form' and forward the same duly filled-in and signed to the Company's Registrar and Share Transfer Agent, Niche Technologies Pvt. Ltd. Members holding the Company's shares in demat mode are requested to provide the bank account details to their concerned Depository Participant(s).
7. 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 the registered office at least 10 days before the date of meeting, so that the same may be attended to appropriately.
8. A copy of Balance Sheet, Statement of Profit and Loss , Auditors' Report and every other document 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 up to the date of Annual General Meeting and is also available on the website www.sinclairsindia.com
9. Brief resume of the directors to be re-appointed are given in corporate governance report.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fortyfirst Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

₹ in lacs

Sl. No.	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
1	Gross Income	2169.84	1725.59
2	Profit before depreciation and tax	617.53	609.27
3	Depreciation	214.82	148.49
4	Profit before tax and exceptional items	402.71	460.78
5	Exceptional items	1146.19	-
6	Profit before tax	1548.90	460.78
7	Provision for tax	117.39	152.11
8	Profit after tax	1431.51	308.67
9	Profit brought forward	394.84	418.14
10	Profit available for appropriation	1826.35	726.81
11	Transfer to General Reserve	175.00	50.00
12	Interim and final dividend	1091.74	242.61
13	Tax on Dividend	177.11	39.36
14	Balance carried to Balance Sheet	382.50	394.84
		1826.35	726.81

PERFORMANCE AND FUTURE PLANS

The company registered gross revenue of ₹ 21.70 crore as against ₹ 17.26 crore last year indicating a growth of nearly 26%. The five operating hotels in Siliguri, Darjeeling, Dooars, Port Blair and Ooty recorded an aggregate revenue growth of 35% from ₹ 14.47 crore last year to ₹ 19.60 crore in the current year.

The company monetized part of its real estate assets in Siliguri as a result of which it had an earning of ₹ 1485.66 lacs. In view of change in method of charging depreciation on certain fixed assets, additional depreciation of ₹ 339.47 lacs has been charged. These two items have resulted in an exceptional item of ₹ 1146.19 lacs in the profit and loss account. The profit before tax inclusive of the exceptional item is ₹ 1548.90 lacs.

In view of the sales strategy adopted by the company as well as further enhancement of facilities in its hotels and resorts, the current year is expected to see a robust growth in revenues and profits.

FUTURE PLANS

The company's luxury resort project at Kalimpong as well as the tourist resort project at Burdwan is likely to be commissioned in the current fiscal year. This will add to both revenue and profits.

As far as Kolkata hotel project is concerned, unfortunately the company has still not received the sanction from the concerned authorities as a result of which the implementation of the project has been delayed.

DIVIDEND

During the year, your Directors, in view of the improved operational results as well as extraordinary income, have paid an interim dividend @ 180% (₹ 18 per equity share of ₹ 10) on 6,065,222 equity shares amounting to ₹ 126,884,748 (Rupees Twelve crore sixty eight lac eighty four thousand seven hundred forty eight only) inclusive of dividend distribution tax.

The Board has recommended the interim dividend as final dividend.

DIRECTORS

Mr Siddhartha Yog resigned from the Board on 26th February, 2013. The Board expressed deep appreciation for the valuable advice and suggestions given by Mr Siddhartha Yog which substantially benefited the Company.

Mr Aseem Kohli was appointed as a Director in the casual vacancy caused by resignation of Mr Siddhartha Yog on 26th February, 2013.

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

SUBSIDIARY COMPANY

Savannah Hotels Private Limited ceased to be a subsidiary of your company effective 20th March, 2013 and became an Associate.

AUDITORS

M/s S R Batliboi & Co. LLP Chartered Accountants (Firm Registration No 301003E) retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with stock exchanges, a separate section on Management Discussion and Analysis which includes further details on the state of affairs of the Company and Corporate Governance Report, as approved by the Board of Directors, together with a certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49, forms part of this Report.

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, 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 a fair view of the state of affairs of the Company and of the profit of the Company for the year ended 31st March, 2013.
- iii) that the directors have taken proper and sufficient care for the maintenance of 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 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 ` 5,808,395 in foreign exchange (previous year ` 4,527,767). There was expenditure in foreign currency of ` 3,515,240 (previous year ` 8,090,194).

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, 1975 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:
Pressman House
10A Lee Road
Kolkata 700 020
May 28, 2013

For and on behalf of the Board

Dr Niren Suchanti
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development, Opportunities and Threats

Tourism and hospitality is a particularly vibrant tertiary sector with a strong bearing on the economy. The sector contributes 6.23 per cent to the national gross domestic product (GDP) and has a 8.78 per cent share of total employment. Moreover, India stands 42nd in world rankings in terms of foreign tourist arrivals (FTAs) with potential to climb the chart.

India's rich cultural heritage, exotic food, friendly disposition of people, historical monuments and classy hospitality and services are positive strengths for its tourism sector. All this puts India ahead of many emerging markets. The challenge is to capitalize on the positives.

The Indian hotel industry has seen a significant growth in room inventory across categories from upscale luxury to limited services and boutique and budget hotels. However in recent times, the occupancy and room rates have been under pressure.

Foreign direct investment (FDI) in the hotel and tourism sector during April 2000 to January 2013 is US\$ 6,561.78 million, as per data provided by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce.

FTAs showed a growth of 2.8 per cent in March 2013 year-on-year while the growth rate in Foreign Exchange Earnings (FEEs) from tourism in the same period stood at 21 per cent in rupee terms. FTAs during March 2013 were 640,000 compared to 623,000 in March 2012.

Visa on Arrival (VoA), a much popular scheme of the Government of India, registered a growth of 54.6 per cent in February 2013. A total number of 1,947 VoAs were issued in February 2013 as compared to 1,259 VoAs issued in the same month of 2012.

With the projected growth in India's GDP, improvement in per capita income and rising aspirational spending, the Indian hospitality sector is expected to grow faster than most countries.

Outlook

The Government of India has initiated some measures to encourage the growth of the hospitality industry. It has constituted a Hospitality Development and Promotion Board with the objective of speeding up granting of official permission for hotel projects and helping supervision.

The hospitality industry will continue to be among the leading employers in India in the coming decades. The World Travel and Tourism Council has forecast that China and India will create the highest travel and tourism economy employment in 2020.

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 the resilience to effectively negotiate in an unlikely event of any regional disturbances or natural calamities.

The Company is regularly investing in its properties to upgrade facilities and service standards. Therefore, it is in a position to mitigate the risk from growing competition.

Internal control systems 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 providing protection against misuse or loss of the Company's assets. The systems and processes are continually reviewed for their 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 takes on a continuing basis adequate and necessary steps to maintain a competitive, healthy and harmonious work environment at all levels of working.

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
- Effective management control by Board
- Adequate representation of promoters, executive and independent directors on the Board
- Accountability for performance
- Monitoring of executive performance by the Board

- Timely compliance of laws
- Transparent and timely disclosure of financial and management information

II. Board of Directors

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

During the financial year 2012-2013, five meetings of the board were held. These meetings were held on 28th May, 2012, 14th August, 2012, 9th November, 2012, 5th February, 2013 and 26th February, 2013.

Particulars of Directors are given below:

Name	Designation	Category	Equity shareholding in the Company
Dr Niren Suchanti	Chairman	Non-Executive Director	338,421
Mr Navin Suchanti	CEO and Managing Director	Executive Director	306,320
Mr Siddhartha Yog*	Director	Non-Executive Independent Director	Nil
Mr Rohan Sikri	Director	Non-Executive Independent Director	Nil
Mr Kunal Bose	Director	Non-Executive Independent Director	Nil
Mr Hardeep Sachdeva	Director	Non-Executive Independent Director	Nil
Mr Ravi Bhasin	Director	Non-Executive Independent Director	Nil
Mr Aseem Kohli**	Director	Non-Executive Independent Director	Nil
Mr Vikash Kuthari	Wholtime Director	Executive Director	1,000

* Resigned on 26th February, 2013

** Appointed on 26th February, 2013

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	5	3	No	4	Nil
Mr Navin Suchanti	5	5	Yes	4	Nil
Mr Siddhartha Yog*	5	2	No	Nil	Nil
Mr Rohan Sikri	5	5	No	Nil	Nil
Mr Kunal Bose	5	5	Yes	Nil	Nil
Mr Hardeep Sachdeva	5	Nil	No	Nil	Nil
Mr Ravi Bhasin	5	Nil	No	Nil	Nil
Mr Aseem Kohli**	5	Nil	No	Nil	Nil
Mr Vikash Kuthari	5	5	No	Nil	Nil

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

* Resigned on 26th February, 2013

** Appointed on 26th February, 2013

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT

Brief resume of the 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 Rohan Sikri	Mr Hardeep Sachdeva
Date of Birth	17.10.1974	25.10.1971
Date of appointment	18.12.2007	18.12.2007
Qualification	MBA	LL.B
Expertise in specific functional area	14 years experience in real estate, corporate finance and investment advisory. He is Managing Director of Xander Advisors India Pvt. Ltd.	19 years experience in advising on major corporate acquisitions, joint venture, restructuring foreign inward investment, Corporate Laws and other related statutes. He is a partner of AZB & Partners, Advocates & Solicitors
Directorships held in other Public Companies (excluding foreign companies, and section 25 Companies)	Nil	1
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, *inter-alia*, the following mandate:

1. To oversee the Company's financial reporting and disclosure process and to 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.
5. To review the Company's financial and risk management policies.
6. To review statement of significant related party transactions, management letters, etc.

Composition

Kunal Bose - 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 2012-2013, four meetings of the committee were held on 28th May, 2012, 14th August, 2012, 9th November, 2012 and 5th February, 2013. The time gap between two meetings was less than four months.

Members	Meetings held	Meetings attended
Kunal Bose	4	4
Rohan Sikri	4	4
Navin Suchanti	4	4