



SINCLAIR'S HOTELS & TRANSPORTATION LIMITED
Annual Report 2003-2004

BOARD OF DIRECTORS

Dr Niren Suchanti - Group Chairman

Mr Navin Suchanti - Chairman

Mr. S M Borar

Mr. Prabir Chakravarti

Mr Sushil Kumar Mor

Mr. Vikash Kuthari

COMPANY SECRETARY

Ms Ruma Suchanti

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

HOTELS & RESORTS

Hotel Sinclairs, Siliguri

Hotel Sinclairs, Darjeeling

Hotel Sinclairs Bay View, Port Blair

Hotel Sinclairs, Ooty

Sinclairs Retreat Dooars, Chalsa

NOTICE

Notice is hereby given that the **Thirty-second Annual General Meeting** of the company will be held at Aikatan, IA 290, Salt Lake City, Sector III, Kolkata 700 097 on Saturday, the 31st day of July, 2004 at 11.30 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, 2004 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. Navin Suchanti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Prabir Chakravarti, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To consider and if thought fit, to pass the following resolution as ordinary resolution.
"RESOLVED THAT pursuant to the provision of section 257 of the Companies Act, 1956 read with all other applicable provisions, if any, Mr. Vikash Kuthari, be and is hereby appointed as a director of the company."

Regd. Office :
56A Mirza Ghalib Street
Kolkata 700 016
Dated : 19th June, 2004

For and on behalf of the Board

Navin Suchanti
Chairman

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 Monday the 26th day of July, 2004 to Saturday, the 31st day of July, 2004 (both days inclusive).
3. Members holding their shares in physical form are requested to convert their shares into dematerialised form. The ISIN No. of the company is INE985A01014.
4. Members are requested to inform of any change in their address immediately, mentioning their folio number.
5. 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.
6. Brief resume of the directors to be appointed/re-appointed are annexed.

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956
Item No. 5**

Mr Vikash Kuthari is 29 years old and holds a degree in hotel management from Bangalore University. He is also a diploma holder from American Motel & Hotel Association, USA. Mr. Kuthari has been associated with the company since 1999 and has been overseeing the operations of the three units in Siliguri, Darjeeling and Chalsa. The company has received a notice under section 257 of the Companies Act, 1956 together with requisite deposit, from a member proposing his appointment as a director. He was appointed as an Additional Director at the Board Meeting held on 19th June, 2004.

The directors recommend the adoption of the resolution.

None of the directors are interested in the resolution.

DIRECTORS' REPORT

To the members,

Your Directors present their Thirty-second Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

Financial Results

	<i>(Rs. in lacs)</i>	
	Year ended 31.03.2004	Year ended 31.03.2003
Gross Income	935.54	1091.01
Profit before interest and depreciation	258.19	247.95
Less : Finance charges	-	39.44
Depreciation	123.29	196.35
Profit before tax	134.90	12.17
Provision for taxation	11.00	1.00
Profit after tax	123.90	11.17
Profit brought forward	8.55	7.38
Profit available for appropriation	132.45	18.55
Transfer to General Reserve	67.00	10.00
Balance carried to Balance Sheet	65.45	8.55
	<u>132.45</u>	<u>18.55</u>

Operations & Performance

The operations in the current year has further stabilized and your company is now in the growth path.

During the year, the company has exited from the air ticketing business. The margin in this business has been constantly under pressure and with e-ticketing etc., on the anvil, the future of this business is not very bright. In fact there is already a proposal by the various international airlines operating in the country to scrap the agency commission on ticketing. The lower turnover of the company is on account of closure of the air ticketing business.

The focus is now on developing the hotel operations of the company and the current year has seen substantial growth in volumes as well as profitability. The growth trend is continuing in the first quarter of the current year. The net profits of

the company has sharply increased from Rs.11.17 lacs to Rs.123.90.lacs.

Future Prospects

There is a renewed thrust to promote tourism in the country. Tourist arrivals have increased. Also domestic tourism has seen a rise on account of restoration of LTC by the government as well as reduction in airfare. The company is therefore, confident of posting better results in the current year.

The company plans to invest substantially in the current year to upgrade the facilities in the various hotels.

It is also looking at opportunities to acquire more properties to expand its chain.

Dividend

To conserve resources, your Directors do not recommend any dividend.

Dematerialisation of Shares

Securities & Exchange Board of India (SEBI) has notified that the shares of your company will now have to be compulsorily traded in demat form. The shareholders are requested to dematerialise their holdings. The Security Code No. (ISIN) is INE 985A01014.

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 are not annexed.

During the year, your company earned Rs.4,39,155 in foreign exchange (Previous year Rs.15,35,310). There was expenditure in foreign currency of Rs.18,267 (Previous year : Rs.22,195).

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.

Listing Requisites

The equity shares of the company are listed at the Calcutta and Mumbai Stock Exchanges and the annual listing fees to those exchanges had been made. The company has made an application for delisting of shares from Calcutta Stock Exchange.

Directors

Mr Navin Suchanti and Mr Prabir Chakravarti, Directors retire by rotation and being eligible offer themselves for re-appointment. The Company has received a notice from a shareholder proposing the name of Mr. Vikash Kuthari as director to be appointed at the ensuing Annual general meeting and a separate resolution is being proposed for consideration of the members. He has been appointed an Additional Director at the Board Meeting held on 19th June, 2004.

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.

Corporate Governance

Your company has complied with the Corporate Governance code in terms of mandatory recommendations of Securities and Exchange Board of India and in pursuance of Clause 49 of the Listing Agreement. A report on the Corporate Governance and the Auditors' Certificate thereon are annexed to this Report.

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to

the Directors' Responsibility Statement and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 true and 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 the period;
- iii) that the Directors have taken proper and sufficient care of maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

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 also wish to thank all the shareholders and the employees for their continued support.

Regd. Office :

56A, Mirza Ghalib Street,

Kolkata 700 016

Dated : 19th June, 2004

On behalf of the Board

Navin Suchanti

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Industry structure, development and future outlook

As a tourist destination, India is now recognized worldwide. The recent 'Incredible India' campaign by the Ministry of Tourism has received excellent response and it is likely that there will be substantial increase in the number of tourists arrival into the country in the coming years. Simultaneously, the domestic tourism has also been steadily growing. Therefore, the outlook for the hotel industry is good and the company hopes to benefit from the growth in the industry.

The first quarter of the current year has shown improved performance and the company expects to

perform well in the current year.

Performance

Financial review and analysis	Rs. in lacs
Total Income	935.54
Total Expenses	677.35
Profit before Tax	258.19

Internal control system and adequacy

The internal control system is reviewed from time to time by the management to assess the efficiency of the system and changes and modifications are made as and when necessary.

Human resources

The human resources of the company are well trained and equipped to handle the day-to-day operations of the company. The employees work together as a team to achieve both company and personal goals.

REPORT OF CORPORATE GOVERNANCE

1. Philosophy :

Your company is committed to follow the corporate governance standards as prescribed from time to time.

2. Board of Directors :

A. Composition and size –

Director's Name	Executive/ Non-Executive/ Independent	No. of outside Directorship (as on 31.03.2004)	Attendance Record		
			Board Meeting Held	Annual Meeting	General Meeting
Dr. Niren Suchanti	Non-Executive	8	4	3	No
Mr. Navin Suchanti	Non-Executive	12	4	4	Yes
Mr. S M Borar	Independent	-	4	3	Yes
Mr. Prabir Chakravarti	Independent	11	4	4	No
Mr. Sushil K. Mor	Independent	-	4	4	Yes

B. Details of Board Meeting held –

- 30th June, 2003
- 26th July, 2003
- 28th October, 2003
- 31st January, 2004

3. Audit Committee :

Pursuant to the provisions of Clause 49 of the Listing Agreement, the company has appointed an Audit Committee to monitor and provide effective

supervision of the management's financial reporting process.

a. Terms of Reference

The terms of reference of this Committee cover the matters specified for Audit Committee and the powers, duties, functions and responsibilities of the Committee and its members are in accordance with the clause 49 of the Listing Agreement.

b. Composition

The Audit Committee consists of the following Directors –

Mr S M Borar	- Chairman
Mr Navin Suchanti	- Member
Mr Sushil Kumar Mor	- Member

The majority of the Committee members including Chairman of the Committee are independent Directors. The Chief Accountant is the Secretary of this Committee. The Statutory Auditor is an invitee to the meeting.

c. Meetings & Attendance

There were three meetings of Audit Committee during the year held on 30th June, 2003, 26th July, 2003 and 28th October, 2003. All the Committee members attended the meeting.

4. Investors' Grievance Committee**a. Composition :**

The following non-executive directors are members of the Committee :

Mr Navin Suchanti	-	Chairman
Mr Prabir Chakravarti	-	Member
Mr Sushil Kumar Mor	-	Member

b. Compliance Officer :

Vice-President (Finance) is the Compliance Officer.

c. Shareholders' Complaints :

Received	Resolved	Pending
1	1	Nil

d. Pending Share Transfer :

In pursuance of the directives of the Securities and Exchange Board of India, the company has appointed M/s Niche Technologies Private Ltd as its Registrar and Share Transfer Agent,. All share transfer related work is being handled by them. They are a SEBI registered Securities Registrar & Transfer Agent and guided by the SEBI norms and guidelines.

5. General Body Meeting

Details of last three Annual General Meeting :

Date of AGM	Venue	Time
2000-2001	Kala Kunj,	1.00 p.m.
29.09.2001	48, Shakespeare Sarani, Kolkata 700 017	
2001-2002	Rotary Sadan	12.00 noon
31.08.2002	94/2, J L Nehru Road, Kolkata 700 020	
2002-2003	Science City	11.30 a.m.
29.12.2003	JBS Haldane Avenue Kolkata 700 046.	

Note : System of Postal Ballot were not used in these meetings. Special Resolution approving delisting of shares was passed at the last Annual General Meeting.

6. Disclosures

1. No transaction of material nature has been

entered into by the company with its directors or management and their relatives etc. that may have a potential conflict with the interest of the company.

2. Transactions with the related parties are disclosed in Note IX of Schedule 16 of the notes on accounts in the Annual Report.
3. There has been no instance of non-compliance on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or the stock exchanges does not arise.
4. The company has implemented the Whistle Blower Policy and the personnel have direct access to the Audit Committee.

7. Communication with Shareholders

1. Quarterly financial reports have been published in the following newspapers after the same was considered and approved by the Board of Directors.
 - Asian Age (English)
 - Kalantar (Bengali)
2. Management Discussion and Analysis Report (MD&A) is annexed as part of the Annual Report.

8. Shareholder Information :**a. Annual General Meeting :**

Date : 31st July, 2004

Time : 11.30 a.m.

Venue : Aikatan, IA 290, Sector III, Salt Lake City, Kolkata 700 097

b. Financial Calendar - April, 2004 to March, 2005

Quarter ending	Expected Approval on
1st 30th June, 2004	End of July, 2004
2nd 30th September, 2004	End of October, 2004
3rd 31st December, 2004	End of January, 2005
4th 31st March, 2005	End of June, 2005

c. Date of Book Closure :

26th July, 2004 to 31st July, 2004
(both days inclusive).

d. Listing on Stock Exchanges :

1. The Calcutta Stock Exchange Association Ltd.
2. The Stock Exchange, Mumbai
Stock Code - 523023