



A N N U A L R E P O R T 2 0 0 4 - 2 0 0 5

SINCLAIR'S HOTELS AND TRANSPORTATION LIMITED

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Welcome to a World of Luxury

The four Sinclairs hotels and a resort are as much a destination for luxury vacation, as for conferences, seminars and meetings. Located at Darjeeling, Siliguri, Port Blair, Ooty and Chalsa where nature remains unspoilt, each Sinclairs hotel is a welcome relief from life's rigours. For the wonders of nature and the pleasures of retreat, Sinclairs is the destination.

BOARD OF DIRECTORS

Dr Niren Suchanti - *Group Chairman*

Navin Suchanti - *Chairman*

S M Borar

Prabir Chakravarti

Sushil Kumar Mor

Vikash Kuthari

COMPANY SECRETARY

Ms Ruma Suchanti

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

Phones : 2280 1317-20

e-mail : sinclairs@vsnl.com

HOTELS & RESORTS

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 B.R.B. Bose Road (Canning Street)

Kolkata 700 001

WEBSITE

www.sinclairshotels.com



NOTICE

Notice is hereby given that the Thirty-third Annual General Meeting of the company will be held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020 on Friday, the 12th day of August, 2005 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, 2005 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 a director in place of Mr S K Mor, 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 special resolution.
"RESOLVED THAT subject to the availability of name from the Registrar of Companies and subject to the approval of the Central Government or other statutory authorities as required under law, the name of the company be changed from **Sinclair's Hotels & Transportation Ltd** to **"Sinclair's Hotels Limited."**
Further, "RESOLVED THAT the name **Sinclair's Hotels & Transportation Ltd** be deleted and substituted for **Sinclair's Hotels Limited** wherever it appears in the Memorandum and Articles of Association."
6. To consider and if thought fit, to pass the following resolution as ordinary resolution.
"RESOLVED THAT the company be and is hereby authorised to sell, transfer, convey, mortgage, assure and assign as per provisions of section 293(1)(a) of the Companies Act, 1956, the vacant land measuring 4 acres situated at Siliguri for the purpose of developing a housing project on the said land either by themselves or by entering into a strategic alliance with any party or entering into an agreement with third party/parties for the purpose of developing a housing project on the said land on such terms and conditions as may be considered fit by the Board and also authorising the Board to execute Agreements, Deed of Conveyance and Power of Attorney and other document as may be required to give effect to the said transaction."

Regd. Office :

56A Mirza Ghalib Street
Kolkata 700 016
Dated : 14th June, 2005

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 Friday the 5th day of August, 2005 to Friday, the 12th day of August, 2005 (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 re-appointed are annexed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The company owns and operates star category hotels. As the future business plan is totally focussed, the company intends to establish its identity as a company owning a chain of hotels.

In view of the above, it is proposed to change the name of the company from **Sinclair's Hotels & Transportation Limited** to **Sinclair's Hotels Limited**.

Item No. 6

After Kolkata, Siliguri is being developed in a very large way. A number of residential projects are coming up at Siliguri. The Government of India has introduced provisions under Income Tax Act allowing income generated from developing housing projects exempted from Income Tax for a period of five years. In order to take advantage of the situation, the company is finalising plans for the surplus land adjacent to the hotel for developing a housing project.

In the case of housing project, the land shall need to be transferred alongwith the sale of apartments.

The transfer of land will attract the provisions of Section 293 (1)(a) of the Companies Act, 1956. Therefore, the resolution is proposed to be passed by the members at the Annual General Meeting authorising the Board to effect the transfer of land at an appropriate date as the case may be.

None of the Directors are interested in the above resolution.

DIRECTORS' REPORT

To the members,

Your Directors present the Thirty-third Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2005.

Financial Results

	(Rs. in lacs)	
	Year ended 31.03.2005	Year ended 31.03.2004
Gross Income	796.91	935.54
Profit before depreciation	269.44	258.19
Depreciation	89.77	123.29
Profit before tax	179.67	134.90
Provision for taxation	29.60	11.00
Profit after tax	150.07	123.90
Profit Brought Forward	65.45	8.55
Profit available for appropriation	215.52	132.45
Transfer to General Reserve	150.00	67.00
Balance carried to Balance Sheet	65.53	65.45
	215.52	132.45

Operations & Performance :

The operations of the company have seen steady growth in the year under review. The decision of the company to focus on hotel business has resulted in higher volume and better margins. Profitability would have been even better but for the occurrence of Tsunami, which severely hit Andamans, resulting in cancellation of bookings in the peak season of January 2005 to March 2005. This was, however, partially neutralised by volume growth achieved at Darjeeling and Ooty properties. With the open sky policy initiated by the government, it is expected that the tourism industry will grow well and hotel occupancies will further improve in the current year. Also the company is now leveraging its marketing network to promote other hotels in the region.

The net profit of the company has increased from Rs.123.90 lacs to Rs.150.07 lacs, recording a growth of over 21 per cent.

Future Prospects

With the new thrust given to tourism by the Government of India and the resultant increase in the flow of tourist traffic, your company is confident of better results in the current year. Upgradation of the facilities in various units are being undertaken.

The company is on a firm footing with its strong brand equity, a nationwide marketing network and a wide client base. Moreover, the company is well positioned to leverage its present debt free status and look at new acquisitions.

The company is finalising plans to develop the surplus land adjacent to the hotel at Siliguri by promoting a housing project either independently or through strategic alliances. The company has already appointed a leading architect to design the housing project. It is expected that the housing project will contribute significantly to the profits of the company.

Change of Name

The company is engaged in the business of star category hotels. To rightly reflect its business, the name of the company is proposed to be changed to Sinclairs Hotels Limited. For this purpose, a special resolution is proposed in the ensuing Annual General Meeting.

Dividend

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

Dematerialisation of Shares

According to notification by the Securities & Exchange Board of India (SEBI), the shares of your company will now have to be compulsorily traded in demat form. The shareholders are, therefore, 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 is not annexed.

During the year, your company earned Rs.3,47,293 in foreign exchange (previous year Rs.4,39,155). There was expenditure in foreign currency of Rs.11,582 (previous year : Rs.18,267).

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 fee for The Calcutta Stock Exchange and The Stock Exchange,



Mumbai have been paid. The company has made an application for delisting of shares from Calcutta Stock Exchange, which is still pending.

Directors

Dr Niren Suchanti and Mr S K Mor, Directors retire by rotation and being eligible offer themselves for reappointment.

Auditors

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

Corporate Governance

Your company has complied with the Corporate Governance code in terms of mandatory recommendations of the 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 support and co-operation.

On behalf of the Board
Navin Suchanti
Chairman

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

Dated : 14th June, 2005

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 '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	(in lacs)
Total Income	Rs.796.91
Total Expenses	Rs.527.46
Profit before Tax	Rs.269.45

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 ON 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 31.03.2005)	Attendance Record		
			Board Meeting Held	Annual Meeting Attended	General Meeting
Dr. Niren Suchanti	Non-Executive	8	4	2	No
Mr. Navin Suchanti	Non-Executive	10	4	4	Yes
Mr. S M Borar	Independent	-	4	3	Yes
Mr Prabir Chakravarti	Independent	13	4	3	No
Mr Sushil K Mor	Independent	-	4	4	Yes
Mr Vikash Kuthari	Executive	-	4	1	No

b) Details of Board Meeting held -

19th June, 2004
31st July, 2004
28th October, 2004
29th January, 2005

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 19th June, 2004, 31st July, 2004 and 28th October, 2004. All the Committee members attended the meetings.

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