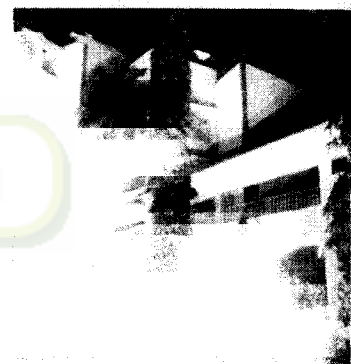




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BOARD OF DIRECTORS

Dr Niren Suchanti - *Chairman*
Navin Suchanti - *CEO and Managing Director*
S M Borar
Prabir Chakravarti
Sushil Kumar Mor
Vikash Kuthari - *Wholetime Director*

COMPANY SECRETARY

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
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-fourth Annual General Meeting of the company will be held at Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata 700 020 on Saturday, 8th July, 2006 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, 2006 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 S M Borar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Vikash Kuthari, 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.

Issue of Further Equity Shares

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and of the Articles of Association of the Company and subject also to the approval(s) of such authorities and bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the company ('the Board' which expression shall be deemed to include any Committee which the Board may constitute to exercise its powers) to issue, offer for subscription and allot through prospectus or through private placement Equity shares of Rs.10 each for cash at such premium for such sum not exceeding Rs.200 crores and on such other terms and conditions as may be decided by the Board in accordance with SEBI (Disclosure & Investor Protection) Guidelines 2000, as amended ('the Guidelines') and the Relevant Date in terms of the Guidelines for the purpose of determining the price of the resultant Equity shares shall be the date referred to in Explanation(a) to clause 13.1.1.1 of the Guidelines to such institutions/banks/mutual funds/bodies corporate and/or such other investors whether they are holders of the Equity shares of the company or not and at such time or times, in such tranche or tranches as may be decided by the Board."

Further, "RESOLVED THAT for the purpose of giving effect to the aforesaid Resolution, the Board be and is hereby authorised to agree, make and accept all such conditions, modifications and alterations as may be stipulated by the relevant authorities and take such actions as may be necessary, desirable or expedient to effect such modifications and alterations and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of Equity Shares and to do all acts, deeds, matters and things as it may at its discretion consider necessary or desirable."

6. To consider and if thought fit, to pass the following resolution as special resolution.

Appointment of Mr Navin Suchanti as Managing Director

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the appointment of Mr Navin Suchanti as Managing Director of the company for a period of five years with effect from 1st April, 2006 and the remuneration payable to Mr Navin Suchanti as set out in the explanatory statement annexed to this notice with liberty to the Board of Directors (hereinafter referred to as 'Board') to alter, vary or modify the terms and conditions of the said appointment and/or remuneration subject to the same not exceeding the limit specified in Schedule XIII of the Companies Act, 1956."

Regd. Office:
56A Mirza Ghalib Street
Kolkata 700 016
Dated : 8th June, 2006

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 Wednesday, 5th July, 2006 to Saturday, 8th July, 2006 (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. A brief resume of the directors to be re-appointed is annexed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5****Issue of Further Equity Shares**

Your Company is planning to expand its activities by refurbishing and renovation of its existing properties and setting up of new hotels and/or diversifying in related areas of hospitality and tourism industry.

Your company therefore, proposes to raise funds not exceeding a sum of Rs.200 crores by issue of Equity shares Rs.10 each for cash at such premium and on such other terms and conditions as may be decided by the Board in accordance with SEBI Guidelines to such institutions/banks/mutual funds/bodies corporate and/or such other investors whether they are holders of the Equity shares of the company or not and at such time or times, in such tranche or tranches as may be decided by the Board.

The proposed issue and allotment of Equity shares as aforesaid requires approval of the Members by way of a Special Resolution pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the relevant provisions of the listing agreements executed by the Company with the stock exchanges.

The Special Resolution set forth in item No.5 of the Notice is to be considered accordingly and the Board recommends that the Resolution be passed in the interest of the Company. The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the new Equity shares that may be offered and allotted them in their individual capacities or to any of the companies/institutions in which the Directors of the Company may also be directors/members/employees. Save as aforesaid, no Director is concerned or interested in the said Resolution.

Item No. 6**Appointment of Mr Navin Suchanti as Managing Director**

The Board of Directors at its meeting held on 8th June, 2006 appointed Mr Navin Suchanti as Managing Director for a period of five years with effect from 1st April, 2006 and the remuneration payable to him is detailed below :

Remuneration :

2% of the net profit of the company or Rs. 5,00,000 per annum whichever is higher computed in the manner provided under Sections 349 and 350 and within the overall limit of Sections 198 read with 309 of the Companies Act, 1956.

Other benefits

- i) Reimbursement of expenses : reimbursement of all entertainment, traveling, hotel and other expenses incurred by him during the course and in connection with the business of the company.
- ii) Sitting fee : He will not be entitled for sitting fees for attending the meetings of the Board of Directors of the company and committees thereof.

Minimum Remuneration :

When in any financial year during his tenure, if the profits are inadequate or the company incurs a loss, the company shall pay a minimum remuneration of Rs.5,00,000 per annum payable quarterly subject to the limit specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

None of the Directors except Dr. Niren Suchanti and Mr Navin Suchanti are interested or concerned in this resolution.

The terms of payment of remuneration to Mr Navin Suchanti as stated in the notice may be treated as an abstract under section 302 of the Companies Act, 1956.

The Board recommends the resolution set forth in item No.6 for your approval.

Regd. Office:

56A Mirza Ghalib Street
Kolkata 700 016

Dated : 8th June, 2006

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

DIRECTORS' REPORT

To the members,

Your Directors have pleasure in presenting the Thirty-fourth Annual Report of the company together with the Audited Accounts for the year ended 31st March, 2006.

Financial Results

	(Rs. in lacs)	
	Year ended 31.03.2006	Year ended 31.03.2005
Gross Income	1034.64	796.91
Profit before depreciation	468.93	269.44
Less : Depreciation	89.45	89.77
Profit before tax	379.48	179.67
Provision for taxation	92.30	29.60
Profit after tax	287.18	150.07
Profit brought forward	65.52	65.45
Profit available for appropriation	352.70	215.52
Transfer to General Reserve	300.00	150.00
Balance carried to Balance Sheet	52.70	65.52
	<u>352.70</u>	<u>215.52</u>

Operations and Performance

The operations of the company have seen excellent growth in the year under review. The gross income of the company increased to Rs.1034.64 lacs from Rs.796.91 lacs last year registering a substantial growth. The bottomline is even better with net profits rising to Rs.287.18 lacs as compared to Rs.150.07 lacs last year.

The company is laying greater emphasis on marketing to further improve the occupancy levels in all the five properties.

The company's initiative to develop surplus land adjacent to the Siliguri hotel is progressing well. Plans for both residential and commercial development have been submitted to the relevant statutory authorities for approvals.

Expansion and Refurbishing Programme

The company is exploring opportunities to expand its present chain of five properties. It is actively negotiating for land to build new resorts/hotels and pursuing acquisition opportunities.

To further upgrade its properties, the company has taken up refurbishing and renovation programme in all its five properties. A state-of-the art health club with spa is being set up at Siliguri hotel. Also a large banquet hall with an expansive terrace is being added to the property. At Port Blair, 18 new rooms are being added. The development programme for the resort in Dooars includes refurbishment

and airconditioning of all the non AC rooms, refurbishment of the conference halls and creation of a new conference hall.

Future Prospects

A sustainable high rate of GDP growth, larger disposable income in the hands of the people and strengthening of the infrastructure bode well for the tourism industry. The way domestic and international tourist traffic is growing calls for creation of new hotel capacity in all categories. The company's proactive moves in building new hotels/resorts are, therefore, well timed. The availability of air tickets at affordable rates as well as improvement of roads and highways will facilitate tourism growth in the country.

Dividend

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

Resource Mobilisation

The company will need funds for its expansion and refurbishing programme. The company proposes to raise up to Rs.200 crore by way of issue of fresh capital and availing loans from banks and financial institutions. Necessary resolution in terms of Section 81(1A) of the Companies Act, 1956 is being proposed in the forthcoming Annual General Meeting.

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.97,787 in foreign exchange (previous year Rs.3,47,293). There was expenditure in foreign currency of Rs.13,212 (previous year : Rs.11,582).

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

The equity shares of the company are listed on the Calcutta and Mumbai Stock Exchanges and the annual listing fee for The Calcutta Stock Exchange and The Stock Exchange, Mumbai had been paid.

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

Directors

Dr Niren Suchanti has been appointed Chairman of the Company.

Mr Navin Suchanti has been appointed as Managing Director of the Company on and from 1st April, 2006 for a period of five years subject to approval by the members at the ensuing Annual General Meeting of the Company.

Mr Vikash Kuthari has been appointed as a wholetime Director of the company with effect from 19th June, 2004 for a period of five years.

Mr S M Borar and Mr Vikash Kuthari retire by rotation and being eligible offer themselves for reappointment.

Auditors

M/s Mookherjee Biswas and 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.

Regd. Office :
56A Mirza Ghalib Street,
Kolkata 700 016
Dated : 8th June, 2006

On behalf of the Board
Dr Niren Suchanti
Chairman

**Information on Directors seeking re-appointment
at the forthcoming Annual General Meeting**
(Pursuant to Clause 49 (VI)(A) of the Listing Agreement)

Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional area	Qualification	Director of other Public Limited Companies	Member of Committee in other Public Limited Companies
Mr S M Borar Non-Executive	05.10.1931	28.02.1990	40 years experience in Corporate Law and administration	M.A. LL.B	Nil	Nil
Mr Vikash Kuthari Executive Director	09.02.1976	19.06.2004	7 years experience in Hospitality Industry	B. Sc. (Hotel Management) Diploma from American Hotel and Motel Assocn.	Nil	Nil

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Declaration by the Chief Executive Officer and Managing Director

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmation/declarations received, all the Directors and senior management personnel of the company have complied with the Code of Conduct framed by the Company.

Navin Suchanti
CEO & Managing Director