

ANNUAL REPORT

2005 - 2006

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JAMES HOTELS LIMITED

JAMES HOTELS LIMITED

Promoter

S Surjit Singh, Managing Director

Auditors'

M/s P.K.Vasudeva & Co.
Chartered Accountants,
SCO 32-35, First Floor,
Sector 8-C,
Chandigarh

Bankers

State Bank of India
Bank of Punjab Limited

Registered Office & Hotel Site

Block 10, Sector 17-A, Chandigarh-160 017

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JAMES HOTELS LIMITED

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of James Hotels Limited will be held on Friday, the 29th day of September, 2006 at 11.00 A.M. at the Registered Office of the Company situated at Block 10, Sector 17-A, Chandigarh, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2006 and Balance Sheet as on that date of the Company, together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Gurmit Singh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nar Singh Bedi retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Neeraj Mohindroo retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company for the year 2006-2007 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s P.K. Vasudeva & Co., Chartered Accountants, Chandigarh, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS:

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :
 "RESOLVED that Mr. Nar Singh Bedi who was appointed as an Additional Director with effect from 20th December, 2005 by the Board of Directors and who holds office as such upto the date of this meeting and is eligible for appointment as Director and in respect of whom notices under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company liable to retire by rotation."
2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :
 "RESOLVED that Mr. Rajesh Saini who was appointed as an Additional Director with effect from 20th December, 2005 by the Board of Directors and who holds office as such upto the date of this meeting and is eligible for appointment as Director and in respect of whom notices under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company liable to retire by rotation."
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

JAMES HOTELS LIMITED

"RESOLVED that Mr. Neeraj Mahindroo who was appointed as an Additional Director with effect from 20th December, 2005 by the Board of Directors and who holds office as such upto the date of this meeting and is eligible for appointment as Director and in respect of whom notices under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of fthe Company liable to retire by rotation."

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED that Mr. Haravtar Singh Arora who was appointed as an Additional Director with effect from 4th August, 2006 by the Board of Directors and who holds office as such upto the date of this meeting and is eligible for appointment as Director and in respect of whom notices under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of fthe Company liable to retire by rotation".

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED that Mr. Ajmair Singh Bhullar who was appointed as an Additional Director with effect from 4th August, 2006 by the Board of Directors and who holds office as such upto the date of this meeting and is eligible for appointment as Director and in respect of whom notices under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of fthe Company liable to retire by rotation."

By order of the Board of Directors
for JAMES HOTELS LIMITED

sd/-

PLACE : CHANDIGARH

DATE : 2ND SEPTEMBER, 2006

(SURJIT SINGH)
MANAGING DIRECTOR

JAMES HOTELS LIMITED

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED.**
2. The relevant explanatory statement relating to special business as required Under Section 173(2) of the Companies Act, 1956 is annexed to this notice.
3. Members are requested to notify any change in their address, alongwith their pin code quoting their Folio No. and relevant particulars.
4. Members desiring any information on the business to be transacted at the meeting are requested to write to the Company at least 10 days in advance to enable the management to keep the information, as far as possible ready at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16th August, 2006 to 30th August, 2006 (both days inclusive).
6. The shareholders holding shares in identical order or names in more than one folio are requested to write to the Company's Share Department enclosing their share certificate.
7. The members who hold shares in dematerialised form are requested to bring to their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. The members are advised that no gift/gift coupons will be distributed at the Annual General Meeting of the Company.
9. Members/Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall.
10. The shareholders are requested to bring their copy of Annual Report at the Meeting.

JAMES HOTELS LIMITED

EXPLANATORY STATEMENT**(Pursuant to Section 173(2) of the Companies Act, 1956)****ITEM NO.1**

Mr Nar Singh Bedi was appointed as an Additional Director by the Board of Directors in their meeting held on 20th December, 2005, and holds office upto the date of this Annual General Meeting, in terms of the Provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956, has been recieved from members signifying their intention to propose the appointment of Mr. Nar Singh Bedi as a Director liable to retire by rotation.

The Board of Directors of the Company recommends the passing of the resolution regarding appointment of Mr Nar Singh Bedi as a director of the Company..

Mr.Nar Singh Bedi may be deemed to be interested in this resolution

None of the other Director of the Company is concerned or interested in this resolution.

ITEM NO.2

Mr Neeraj Mohindroo was appointed as an Additional Director by the Board of Directors in their meeting held on 20th December, 2005, and holds office upto the date of this Annual General Meeting, in terms of the Provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956, has been recieved from members signifying their intention to propose the appointment of Mr. Neeraj Mohindroo as a Director liable to retire by rotation.

The Board of Directors of the Company recommends the passing of the resolution regarding appointment of Mr Neeraj Mohindroo as a director of the Company..

Mr.Neeraj Mohindrooi may be deemed to be interested in this resolution

None of the other Director of the Company is concerned or interested in this resolution.

ITEM NO.3

Mr Rajesh Saini was appointed as an Additional Director by the Board of Directors in their meeting held on 20th December, 2005, and holds office upto the date of this Annual General Meeting, in terms of the Provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956, has been recieved from members signifying their intention to propose the appointment of Mr. Rajesh Saini as a Director liable to retire by rotation.

The Board of Directors of the Company recommends the passing of the resolution regarding appointment of Mr Rajesh Saini as a director of the Company..

Mr.Rajesh Saini may be deemed to be interested in this resolution

None of the other Director of the Company is concerned or interested in this resolution.

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ITEM NO.4

Mr Haravtar Singh Arora was appointed as an Additional Director by the Board of Directors in their meeting held on 4th August, 2006, and holds office upto the date of this Annual General Meeting, in terms of the Provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956, has been recieved from members signifying their intention to propose the appointment of Mr. Haravtar Singh Arora as a Director liable to retire by rotation.

The Board of Directors of the Company recommends the passing of the resolution regarding appointment of Mr Haravtar Singh Arora as a director of the Company..

Mr.Haravtar Singh Arora may be deemed to be interested in this resolution

None of the other Director of the Company is concerned or interested in this resolution.

ITEM NO.5

Mr Ajmair Singh Bhullar was appointed as an Additional Director by the Board of Directors in their meeting held on 4th August, 2006, and holds office upto the date of this Annual General Meeting, in terms of the Provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956, has been recieved from members signifying their intention to propose the appointment of Mr. Ajmair Singh Bhullar as a Director liable to retire by rotation.

The Board of Directors of the Company recommends the passing of the resolution regarding appointment of Mr Ajmair Singh Bhullar as a director of the Company..

Mr.Ajmair Singh Bhullar may be deemed to be interested in this resolution

None of the other Director of the Company is concerned or interested in this resolution.

By order of the Board of Directors
for JAMES HOTELS LIMITED
Sd/-

PLACE : CHANDIGARH
DATE : 2ND SEPTEMBER, 2006

(SURJIT SINGH)
MANAGING DIRECTOR

JAMES HOTELS LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Fifth report together with the audited Profit And Loss Account Statement for the year ended on 31st March, 2006 and Balance Sheet as at 31st March, 2006.

Finance:

The Company could not start the hotel operations during the current financial year also due to paucity of funds. The secured loans taken from Financial Institutions and Banks have been settled / paid and all formalities in regard thereto were duly complied. The Hotel Site was resumed by the Estate Officer U.T., Chandigarh, during the year, due to non payment of extension fee (Rs.137.26 lacs) for non completion of building. However, the Company has filed an appeal before the Municipal Commissioner, Chandigarh and the same is pending for disposal.

FINANCIAL RESULTS:

	(Rs. in Lakhs) 2005-06	(Rs.in Lakhs) 2004-05
Gross Operating Profit/(Loss)before Financial Charges & Depreciation	(4.97)	1.52
Depreciation	0.00	0.00
Financial Charges	2.98	16.34
Gross Operating Profit/(Loss) before Tax	(7.95)	(14.82)
Provision for Income Tax	0.00	0.10
Profision for Fringe Benefit Tax	0.01	0
Surplus/(Deficit)	(7.96)	(14.82)

OPERATIONS:

The operations of Hotel and Restaurant mainly remained suspended during the current year due to paucity of funds.

FIXED DEPOSITS:

The inter-corporate deposit held by the Company is, exempted deposit, inconformity with the provisions of Section 58-A of the Companies Act, and rules framed thereunder.

JAMES HOTELS LIMITED

DIRECTORS:

Mr Gurmit Singh retire from office by rotation and being eligible, offers himself for re-appointment. Your Board recommend his re-appointment for your approval.

Mr Nar Singh Bedi retire from office by rotation and being eligible, offers himself for re-appointment. Your Board recommend his re-appointment for your approval.

Mr. Amrik Singh resigned from the Board of the Comapny w.e.f 9th May, 2005. Mr. A.D.Gandhi resigned from the Board of the Comapny w.e.f 26th May, 2005.

In the Board Meeting held on 30th April, 2005, Mr Harpal Singh has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Mr Harpal Singh has shown his unwillingness to continue as Director of the Company.

In the Board Meeting held on 23rd May, 2005 Mr. Herwinder Singh has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Mr Herwinder Singh has shown his unwillingness to continue as Director of the company.

During the year under review, in the Board Meeting held on 20th December, 2005, Mr Nar Singh Bedi has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr Nar Singh Bedi as Director liable to retire by rotation.

During the year under review, in the Board Meeting held on 20th December, 2005, Mr Neeraj Mohindroo has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr Neeraj Mohindroo as Director liable to retire by rotation.

During the year under review, in the Board Meeting held on 20th December, 2005, Mr Rajesh Saini has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr Rajesh Saini as Director liable to retire by rotation.

During the year under review, in the Board Meeting held on 4th August, 2006, Mr Haravtar Singh Arora has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr Haravtar Singh Arora as Director liable to retire by rotation.

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During the year under review, in the Board Meeting held on 4th August, 2006, Mr Ajmair Singh Bhullar has been appointed as an Additional Director on the Board of the Company and holds office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr Ajmair Singh Bhullar as Director liable to retire by rotation.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, the Directors of the your Company confirm that :

- i) In preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed and no material departure have been made from the same;
- ii) the appropriate accounting policies have been selected and applied 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 or loss of the Company for the year under review;
- iii) the proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange(s) a detailed report on Corporate Governance is included in the Annual Report. The Auditors' of the Company have certified the Company's compliance on the requirement of the Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the report on Corporate Governance.

AUDIT COMMITTEE:

The Audit Committee, constituted pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement has reviewed the Accounts for the year ended 31st March, 2006. Mr. Surjit Singh, Mr. Jasbir Singh and Mr. Gurmit Singh were the members of the Audit Committee as on 31st March, 2006. Mr. Amrik Singh resigned from the membership of the Audit Committee w.e.f. 9th May, 2005. Mr. A.D. Gandhi resigned from the membership of the Audit Committee w.e.f. 26th May, 2005. Mr. Gurmit Singh was appointed as a member of the Audit Committee w.e.f. 9th May, 2005. Mr. Surjit Singh was appointed as a member of the Audit Committee w.e.f. 26th May, 2005.

SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE:

The Board of the Company has constituted Shareholders' / Investor's Grievance Committee comprising of three directors viz. Mr Surjit Singh, Managing Director, Mr Jasbir Singh and Mr Gurmit Singh, Director of the Company as its members. Mr Jasbir Singh, non executive independent Director is a Chairman of the Shareholders' / Investor's Grievance Committee. Mr Amrik Singh resigned from the membership of Shareholder's/Investor's Grievance Committee