

27th

ANNUAL REPORT

2007 – 2008

JAMES HOTELS LIMITED

JAMES HOTELS LIMITED

Board of Directors:

Sh. Ajmair Singh Bhullar
 Sh. Haravtar Singh Arora
 Sh. Surjit Singh Gulati
 Sh. Gurmeet Singh
 Sh. Rajesh Saini
 Sh. Nar Singh Bedi
 Sh. Niraj Mohindroo

Auditors

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

Bankers

State Bank of India, Sector 17-B, Chandigarh-160017

Registered Office & Hotel Site

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

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CONTENTS	PAGE NO.
Notice	2-3
Directors Report to Members	4-7
Management Discussion and Analysis Report	8-10
Corporate Governance Report	11-18
Auditors Report	19-22
Balance Sheet	23
Profit and Loss Account	24
Schedule A to M	25-36
Cash Flow Statement	37-38
Balance Sheet Abstract and Company's General Business Profile	39
Proxy Form and Attendance Slip	40

JAMES HOTELS LIMITED

NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of James Hotels Limited will be held on Thursday, the 18th day of September, 2008 at 11.00 A.M. at Lajpat Bhawan, Sector 15-B, 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, 2008 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. Ajmair Singh Bhullar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gurmeet Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nar Singh Bedi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s P.K Vasudeva & Co., Chartered Accountants, Chandigarh, the retiring auditors, of the Company for the year 2008-2009 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s P.K. Vasudeva & Co., Chartered Accountants, Chandigarh, the retiring auditors are eligible for re-appointment.

Report Junction

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

PLACE : CHANDIGARH.
DATE : 12th August, 2008

(HARAVTAR SINGH ARORA)
DIRECTOR

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. Members are requested to notify any change in their address, alongwith their pin code quoting their Filio No. and relevent particulars.
3. 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.
4. The Register of Members and Share Transfer Books of the Company have remain closed from 23rd August, 2008 to 30th August, 2008 (both days inclusive).

JAMES HOTELS LIMITED

5. 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.
6. The members who hold shares in dematerialised form are requested to bring proof of their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. The members are advised that no gift/gift coupons will be distributed at the Annual General Meeting of the Company.
8. 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.
9. The shareholders are requested to bring their copy of Annual Report at the Meeting.

INFORMATION PURSUANT TO CLAUSE 49 N (G) OF THE LISTING AGREEMENT

ITEM NO. 2

Mr Ajmair Singh Bhullar is Non Resident Indian (NRI) joined the Board of Directors of the Company w.e.f. 4th August, 2006 as an Additional Director and was appointed as a regular director w. e. f. 29th September, 2006 by the Shareholders of the Company in their Annual General Meeting. He is a promoter Director of the Company having rich experience in real estate business.

Directorship in other Comapnies: NIL

Shareholding: 2093170 (26.16%)

ITEM NO. 3

Mr Gurmeet Singh joined the Board of Directors of the Company on 09th February, 2005 as an Additional Director of the Company and he was appointed as a regular Director w.e.f. 28th September, 2005 by the Shareholders of the Company in their Annual General Meeting. Mr Gurmeet Singh is a promoter director of the Company having experience in retail business.

Directorship in other Comapnies: NIL

Shareholding: NIL

ITEM NO. 4

Mr. Nar Singh Bedi joined the Board of Directors of the Company on 20th December, 2005 as an Additional Director of the Company and he was appointed as a regular Director w.e.f. 29th September, 2006 by the Shareholders of the Company in their Annual General Meeting. Mr Nar Singh Bedi is an independent director of the Company having experience in commercial & real estate business.

Directorship in other Comapnies: NIL

Shareholding: NIL

By order of the Board of Directors
for JAMES HOTELS LIMITED

sd/-

PLACE : CHANDIGARH

(HARAVTAR SINGH ARORA)

DATE : 12TH AUGUST, 2008

DIRECTOR

JAMES HOTELS LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Seventh report together with the audited Profit and Loss Account Statement for the year ended on 31st March, 2008 and Balance Sheet as at 31st March, 2008.

OPERATIONS:

STATUS OF PROJECTS:

The Advisor to the Administrator vide its order dated 02nd May, 2007 restored the Hotel site to the Company with a condition to complete the construction of the building by 01st May, 2008. The revised building plans were submitted after the Orders of Ld. Advisor to Administrator and the construction was taken on full earnest after the sanction of plans on 28.9.2007. Meanwhile the work of demolition of partitions etc. were undertaken and tie up with Sarovar Hotels Pvt. Ltd. for technical services and operations agreement for management under 'Park Plaza' banner was signed, leading consultants & interior decorators were appointed and works awarded. The company applied for partial completion as per provisions under law, on 28.3.2008 and after detailed inspections by the Administration the partial completion certificate was granted on 22.5.2008. However, due to a different interpretation of the provisions under law in light of the Order of Advisor to the Administrator, it was withdrawn on 23.05.2008 and site was resumed. Against the Orders of withdrawal of partial completion and resumption appeal was filed with the Chief Administrator and Writ Petition with the Hon'ble High Court of Punjab and Haryana at Chandigarh and the matter is subjudice.

The Directors are optimistic about the relief and complete the building in a short period thereafter.

FINANCIAL RESULTS:

	(Rs. in Lakhs) 2007-08	(Rs. in Lakhs) 2005-06
Gross Operating Profit/(Loss) before Financial Charges & Depreciation	(1.75)	(0.52)
Depreciation	1.64	0.00
Financial Charges	0.14	0.16
	<hr/>	<hr/>
Gross Operating Profit/(Loss) before Tax	(3.53)	(0.67)
Provision for Income Tax	0.22	0.00
	<hr/>	<hr/>
Surplus/(Deficit)	(3.75)	(0.67)

JAMES HOTELS LIMITED

FIXED DEPOSITS:

Unsecured Loans from directors, are exempt deposit in conformity with the applicable provisions of the Companies Act, 1956 & rules framed thereunder.

DIRECTORS:

Mr Ajmair Singh Bhullar retires from office by rotation and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment for your approval.

Mr Gurmeet Singh retires from office by rotation and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment for your approval.

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

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, 2008, 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, 2008. Mr Rajesh Saini, Mr Ajmair Singh Bhullar and Mr Nar Singh Bedi were the members of the Audit Committee as on 31st March, 2008. Mr Rajesh Saini, an Independent Director is a Chairman of the Audit Committee. The Audit Committee has reviewed the Accounts for the year ended 31st March, 2008.

SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE:

The Board of the Company has constituted Shareholders' / Investor's Grievance Committee comprising of three directors viz. Mr. Nar Singh Bedi, Mr Haravtar Singh Arora, Mr Rajesh

JAMES HOTELS LIMITED

Saini, Directors of the Company as its members. Mr Nar Singh Bedi, non executive independent Director is a Chairman of the Shareholders' / Investor's Grievance Committee. Mr Nar Singh Bedi, Mr Haravtar Singh Arora and Mr Rajesh Saini were the members of the Shareholders' / Investor's Grievance Committee as on 31st March, 2008.

MEANS OF COMMUNICATIONS:

The Company has been regularly providing Quarterly Financial Results to all the Stock Exchanges where the shares of the Company are listed, besides publishing the same in newspapers for the public and members of the Company.

DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS I.E TRANSACTIONS OF THE COMPANY OF MATERIAL NATURE WITH ITS PROMOTERS, DIRECTORS OR THE MANAGEMENT, WHERE SUBSIDIARIES RELATIVE ETC. THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE.

During the year under review, there had been no materially significant party transactions which may be consider to have potential conflict with the interests of the Company.

DETAILS OF NON COMPLIANCE BY THE COMPANY, PENALITIEIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI, OR ANY STATUTORY AUTHORITY ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS:

The Stock Exchange(s) Agreement Clauses, SEBI Guidelines and the applicable Rules / Regulations / Sections of the other Acts are being complied by the Company from time to time during the last three years. However, there are certain non compliances of Stock Exchange(s) Agreement Clauses as per the records of the Stock Exchange(s). There were no penalties imposed on the Company by any of the above said regulatory authorities during the last three years.

DIVIDEND:

As the Company has not wiped off the accumulated losses so far, your Directors have not recommended any dividend.

AUDITORS' REMARKS:

The Auditor's Report and notes on accounts referred to in the Auditor's Report are self explanatory and exhaustive, therefore, do not call for any further comments.

AUDITORS:

M/s P K Vasudeva & Co., Chartered Accountants, Chandigarh, the retiring Auditors of the Company retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment for financial year 2008-2009. The Company received a certificate from them as required under Section 224(1B) of the Companies Act, 1956. Your Board recommend their appointment for your approval.

LISTING:

The issued and subscribed share capital of the company is listed at Bombay, Delhi and

JAMES HOTELS LIMITED

Ludhiana Stock Exchanges. However the listing on all stock exchanges remained suspended during the financial year ended on 31st March, 2008. The management has taken effective steps for restoration of listing on all the stock exchanges.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

Particulars regarding Conversation of Energy, Technology Absorption, Research and Development. as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable to your Company. The Particulars regarding the Foreign Exchange Earnings and Outgo under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given below:

Foreign Exchange Earnings and Outgo:

	<u>31st March, 2008</u>	<u>31st March, 2007</u>
	(Rs. in lacs)	(Rs. in lacs)
a) CIF Value of Imports		
-Air Conditioning Plant	85.02	Nil
(196,412.53 US \$ & 10125 Euros)		
b) Expenditure in Foreign currency		
-Foreign Travel	0.61	Nil
(1,500 US \$)		
Total :	85.63	Nil

PARTICULARS OF EMPLOYEES RULES, 1975:

There are no persons employed throughout or part of the financial year for whom information about the particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 need to be given.

ACKNOWLEDGEMENT:

Yours Directors place on record their sincere thanks to Chandigarh Administration, Financial Institutions, Banks, Shareholders for their continuous help and co-operation extended by them to the Company. The Board of Directors of your Company is pleased to place on record their sincere appreciation for the devoted services rendered by the Executives, Staff Members of the Company.

By order of the Board of Directors
for JAMES HOTELS LIMITED

sd/-
(AJMAIR SINGH BHULLAR)
DIRECTOR

sd/-
(HARAVTAR SINGH ARORA)
DIRECTOR

PLACE : CHANDIGARH

DATE : 12TH AUGUST, 2008

JAMES HOTELS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**Industry Structure and Development:**

There are around 1000 classified hotels and the total room availability is pegged at 60,000 rooms. The hotels in India can be broadly classified into two categories - approved and unapproved. The Ministry of Tourism, Government of India, grants approval to hotels at the project stage and then classifies into one of the star categories. The hotels are classified into 7 categories:

- Five Star Deluxe
- Five Star
- Four Star
- Three Star
- Two Star
- One Star
- Heritage

The liberalization of Indian economy in 1991 and the integration of India into the Global Economy have given impetus to business travellers and tourist travelers. As a result the hotel industry in India has recorded a healthy growth since 1991.

STATUS OF PROJECTS:

The Advisor to the Administrator vide its order dated 02nd May, 2007 restored the Hotel site to the Company with a condition to complete the construction of the building by 01st May, 2008. The revised building plans were submitted after the Orders of Ld. Advisor to Administrator and the construction was taken on full earnest after the sanction of plans on 28.9.2007. Meanwhile the work of demolition of partitions etc. were undertaken and tie up with Sarovar Hotels Pvt. Ltd. for technical services and operations agreement for management under 'Park Plaza' banner was signed, leading consultants & interior decorators were appointed and works awarded. The company applied for partial completion as per provisions under law, on 28.3.2008 and after detailed inspections by the Administration the partial completion certificate was granted on 22.5.2008. However, due to a different interpretation of the provisions under law in light of the Order of Advisor to the Administrator, it was withdrawn on 23.05.2008 and site was resumed. Against the Orders of withdrawal of partial completion and resumption appeal was filed with the Chief Administrator and Writ Petition with the Hon'ble High Court of Punjab and Haryana at Chandigarh and the matter is subjudice.

The Directors are optimistic about the relief and complete the building in a short period thereafter.

JAMES HOTELS LIMITED

FINANCIAL PERFORMANCE :

	(Rs. in Lakhs) 2007-08	(Rs.in Lakhs) 2006-07
Income from Lease Rent	0.84	3.35
Other Income	0.68	5.77
Total Income	1.52	9.12
Total Expenditure	3.41	9.79
Depreciation	1.64	0.00
Gross Operating Profit/(Loss) before Tax	(3.53)	(0.67)
Provision for Income Tax	0.22	0
Surplus/(Deficit)	3.75	(0.67)

RESERVE & SURPLUS :

During the year under review there has been no changes in the capital reserve of the Company which stands as Rs.6,01,000/-.

SECURED LOANS:

The Company has taken secured loans amounting to Rs. 1740.54 Lakhs from State Bank of India during the financial year ended on 31st March, 2008. The total outstanding dues of bank as on 31st March, 2008 was Rs. 1740.54 Lakhs.

FIXED ASSETS NET BLOCK :

The Net Block of Fixed Assets has increased from Rs.2676.91 Lakhs to Rs. 2694.26 Lakhs during the financial year ended on 31st March, 2008.

INVESTMENTS :

The Company has not made any investments during the year.

NET CURRENT ASSETS :

The Net Current Assets has increased from Rs. 6.36 Lakhs to Rs. 594.65 Lakhs during the current Financial ended on 31st March, 2008.

RESULTS OF OPERATIONS :

The lease rent income has decreased from Rs.3.35 Lakhs to Rs. 0.84 Lakhs. The loss for the year is Rs.3.75 Lakhs as compared to loss of Rs. 0.67 Lakhs in the previous year. Provisions for financial charges are Rs. 0.14 Lakhs compared to Rs. 0.16 Lakhs in the previous year. The Company cannot recommend dividend due to losses.

OPPORTUNITIES AND THREATS :

Due to the increasing demand of hotels in Chandigarh, business opportunities for our Company are strong in future.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE :

The Company is engaged in the business of hotels and restaurants, which is its only segment.