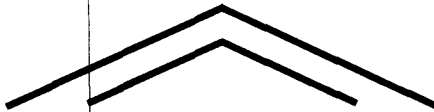




**ANNUAL REPORT  
2009-2010**



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**JAMES HOTELS LIMITED**

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## James Hotels Limited

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### BOARD OF DIRECTORS

Mr. Haravtar Singh Arora, Chairman cum Managing Director

Mr. Niraj Mohindroo

Mr. Nar Singh Bedi

Mr. Rajesh Saini

Mr. Surjit Singh Gulati

### AUDITORS

M/s Vasudeva & Associates

Chartered Accountant

SCO-32-35, First Floor,

Sector-8-C,

Chandigarh.

### CHIEF ACCOUNTS OFFICER

Mr. Kuldip Singh

### COMPANY SECRETARY

Ms. Shaveta Sharma

### BANKERS

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

Punjab National Bank, Sector 17-B, Chandigarh-160017

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## James Hotels Limited

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### NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of James Hotels Limited will be held on Thursday, the 30th day of September, 2010 at 9.00 A.M. at Indira Holiday Home, Sector 24-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, 2010 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. Nar Singh Bedi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Vasudeva & Associates, Chartered Accountants, Chandigarh, the retiring auditors, of the Company for the year 2010-2011 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 Vasudeva & Associates, Chartered Accountants, Chandigarh, the retiring auditors are eligible for re-appointment.

#### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:  
"RESOLVED THAT pursuant to the provisions of Article 172 of the Articles of Association of the Company and Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and permissions as may be needed, Shri Haravtar Singh Arora be and is hereby appointed as the Managing Director of the Company not liable to retire by rotation for a period of five years with effect from the 9th April, 2010, on the terms and conditions as may be decided by the Board of Directors from time to time."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:  
"RESOLVED THAT Mr. Ajit Pal Singh, who was appointed as an Additional Director with effect from 27<sup>th</sup> August, 2010 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 133 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received, under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, who will be liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:  
"RESOLVED THAT subject to the provisions of the Companies Act, 1956, The Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement, SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanctions, as may be necessary, the Board of Directors of the Company be and is hereby authorized to seek voluntarily delisting of its securities from Ludhiana Stock Exchange Ltd.  
RESOLVED Further that the securities of the Company shall continue to be listed on the Bombay Stock Exchange having nation wide trading terminals and Delhi Stock Exchange which is making serious efforts to start trading and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company.  
RESOLVED further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution."

**By order of the Board of Directors  
For JAMES HOTELS LIMITED**

Sd/-

**(Shaveta Sharma )  
Company Secretary**

Place : Chandigarh  
Date : 27th August, 2010

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# **James Hotels Limited**

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## **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 TO 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 HEREWITH.**
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. Shareholders 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 shall remain closed from 21<sup>st</sup> September, 2010 to 30th September, 2010 (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 shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Shareholders/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.

### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

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

#### **ITEM NO. 2**

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 rich experience in commercial and real estate business.

#### **ITEM NO.4**

Mr. Haravtar Singh Arora is a Non Resident Indian (NRI) joined the Board of Directors of the Company w.e.f. 4th August, 2006 and was appointed as a regular Director w. e. f. 29th September, 2006 by the Shareholders of the Company in their Annual General Meeting. Due to resignation by Mr. Ajmair Singh Bhullar on personal reasons and considering substantial contribution to the progress & development of the Company/project by Mr. Haravtar Singh Arora, the Board of Directors felt that he should lead the Company. Accordingly in the meeting of the Board of Directors held on 09.04.2010 Mr. Haravtar Singh Arora was appointed as Managing Director of the Company w.e.f. 09.04.2010, not liable to retire by rotation. He is a Promoter Director of the Company having experience in import export trade and real estate business.

The Board recommends the resolution for approval of members.

None of the Directors except Mr. Haravtar Singh Arora and Mr. Ajit Pal Singh are interested in the above Resolution.

## James Hotels Limited

### ITEM NO.5

Mr. Ajit Pal Singh, aged 29 years has joined the Board of Directors from 27.08.2010 as an Additional Director. The Company has received a notice from him in writing signifying his candidature for the office of Director. He has experience in textile trading.

Name of the Companies in which he is a Director- Nil

Mr. Ajit Pal Singh is holding 4,10,455 shares in the Company as on March 31, 2010.

None of the Directors except Mr. Ajit Pal Singh and Mr. Haravtar Singh Arora are interested or concerned in the above Resolution.

The Board recommends the resolution for the approval of the Members.

### ITEM NO 6

The Securities & Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the Company remain listed on the stock exchange having nation wide trading terminal, i.e., Bombay Stock Exchange, the National Stock Exchange of India and any other Stock Exchange that may be specified by SEBI in this regard.

At present the equity shares of the Company are listed at Delhi Stock Exchange(DSE), Ludhiana Stock Exchange(LSE) and Bombay Stock Exchange(BSE). At present Company's shares are actively traded only on BSE and DSE is making serious efforts to start trading. But LSE is totally inactive.

Considering that LSE is not active as a part of its cost reduction measure, Company finds the listing fees payable to the stock exchanges burdensome and disproportionate to the benefits accruing to the Company or its stock holders, hence the consent of members is sought for getting its securities delisted from Ludhiana Stock Exchange as proposed in the special resolution. The securities of the Company shall continue to be listed on the Bombay Stock Exchange and Delhi Stock Exchange

The Board recommends the resolution for approval of members.

None of the Directors is, in any way, concerned or interested in the said Resolution.

### APPLICABLE DETAILS OF DIRECTORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

NAME OF THE DIRECTORS	Nar Singh Bedi	Mr. Haravtar Singh Arora	Mr. Ajit Pal Singh
Date of Birth	31-03-1959	05-05-1959	21-08-1981
Date of Appointment	20-12-2005	04-08-2006	27-08-2010
Expertise in specific functional area	Commercial and real estate business	Import export trade and real estate business	Textile Trading
Qualifications	B.Com.	B.A.	B.Sc.(IT)
Relationship between Director Inter-se	NIL	Paternal Uncle of Mr. Ajit Pal Singh	Nephew of Mr. Haravtar Singh Arora
Shareholding in the Company	NIL	1272260	410455
List of Public Companies in which outside Directorship held	NIL	NIL	NIL

By order of the Board of Directors  
For JAMES HOTELS LIMITED

Sd/-

(Shaveta Sharma)

Company Secretary (4)

Place : Chandigarh

Date : 27th August, 2010

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# James Hotels Limited

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## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Ninth Annual report together with the audited Profit And Loss Account Statement for the year ended on 31st March, 2010 and Balance Sheet as at 31st March, 2010.

### STATUS OF PROJECT :

The Hotel project is very much near to the operation stage. The Company has completed the project within the time period given by the Hon'ble High Court of Punjab & Haryana at Chandigarh, which was ending on 09.03.2010. In compliance to the order of Hon'ble High Court of Punjab & Haryana, the Company has deposited the extension fees of Rs.48.01 lakhs on 04.09.2009 and has applied for the Completion/Occupation Certificate through Architect of the company on 09.02.2010 and is hopeful of receiving the same. Civil construction work is complete and interior work is also complete upto 85 %.

The Directors expect the Hotel to be in operation by the end of this year.

### FINANCIAL RESULTS

	2009-2010 (Rs. in Lakhs)	2008-2009 (Rs. in Lakhs)
Gross Operating Profit/(Loss) before Financial Charges & Depreciation	(5.01)	(1.66)
Depreciation	8.56	9.54
Financial Charges	0.00	0.00
Gross Operating Profit/(Loss) before tax	(13.57)	(11.20)
Provision for Income Tax	0.00	0.00
Provision for Fringe Benefit Tax	0.00	0.66
Surplus / (Deficit)	(13.57)	(11.86)

### DIVIDEND:

Since the Company is in losses, so your Directors have not recommended any dividend.

### FIXED DEPOSITS:

The Company has not accepted any Fixed deposits under section 58A of the Companies Act, 1956. Unsecured Loans from Directors are exempt deposit in conformity with the applicable provisions of the Companies Act, 1956 & rules framed there under.

**DIRECTORS:**

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

Mr. Ajit Pal Singh was appointed as an Additional Director on 27-08-2010. The office of Mr. Ajit Pal Singh as an Additional Director will expire at the ensuing Annual General Meeting.

Mr. Ajmair Singh Bhullar, Managing Director resigned from the directorship on 09-04-2010 and Mr. Gurmeet Singh, Director resigned from the directorship on 12-08-2010. Mr. Haravtar Singh Arora has been appointed as the Managing Director of the Company w.e.f.09-04-2010.

**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 31<sup>st</sup> March,2010,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 judgments 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.

**MEANS OF COMMUNICATIONS:**

The Company has been regularly providing Quarterly Financial Results to all the Stock Exchanges whereat 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 considered to have potential conflict with the interests of the Company.

**DETAILS OF NON COMPLIANCE BY THE COMPANY, PENALTIES, AND 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. Rs.3.60 lakhs were paid to BSE as re-instatement fee to revoke the suspension of trading of securities, Suspension of trading of securities was revoked by the BSE w.e.f. 29-01-2010.

**PARTICULARS OF EMPLOYEES RULES, 1975:**

There are no persons employed throughout or part of the financial year from 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.

**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 Vasudeva & Associates , 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 2010-2011. The Company received a certificate from them as required under Section 224(1B) of the Companies Act, 1956. Your Board recommends their appointment for your approval.

**LISTING WITH STOCK EXCHANGES:**

With the continues efforts of the Management, Company was able to get revocation of suspension of trading of securities at Bombay Stock Exchange w.e.f.29.01.2010. As on the date Company has complied with all the compliances of the Exchange. Annual Listing fees have been paid to the Bombay Stock Exchange.

**INFORMATION 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 AND FORMING PART OF THE DIRECTORS' REPORT :**

Particulars regarding Conservation 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, are given below.



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## James Hotels Limited

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### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Rs. (Lakhs)

	31st March, 2010	31st March, 2009
a) CIF Value of Imports	15.30	223.07
Air Conditioning Plant		
(US Dollars 31,394.95)		
b) Expenditure in Foreign currency	Nil	Nil
- Foreign Travel		
<b>Total</b>	<b>15.30</b>	<b>223.07</b>

### ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the continued support and co-operation received from Chandigarh Administration, State Bank of India, Punjab National Bank and to Executives, Staff Members of the Company for the devoted services rendered by them.

Your Directors take this opportunity to express their sincere thanks to all the investors and shareholders for the faith and confidence they have reposed in the Company.

By order of the Board of Directors

for **JAMES HOTELS LIMITED**

Sd/-

PLACE : Chandigarh  
DATE : 27th August, 2010

**Haravtar Singh Arora**  
(Chairman cum Managing Director)

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

The Tourism sector of Indian economy is at present experiencing a huge growth. As per the Travel and Tourism Competitiveness Report 2009 by the World Economic Forum, India is ranked 11th in the Asia Pacific region and 62nd overall, moving up three places on the list of the world's attractive destinations. The hotel and tourism industry's contribution to the Indian economy by way of foreign direct investments (FDI) inflows were pegged at US\$ 2.1 billion from April 2000 to March 2010, according to the Department of Industrial Policy and Promotion (DIPP). (source [www.ibef.org](http://www.ibef.org)).

**HOSPITALITY SECTOR**

'Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers.' Hotels in India has a shortage of 150,000 rooms fueling hotel room rates across India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination.

India's hotel pipeline is the second largest in the Asia-Pacific region according to Jan Smits, Regional Managing Director, Inter Continental Hotels Group (IHG) Asia. He added that the Indian hospitality industry is projected to grow at a rate of 8.8 per cent during 2007-16, placing India as the second-fastest growing tourism market in the world. (source [www.ibef.org](http://www.ibef.org)).

**STATUS OF PROJECT :**

The Hotel project is very much near to the operation stage. The Company has completed the project within the time period given by the Hon'ble High Court of Punjab & Haryana at Chandigarh, in their order giving eleven and a half months time period to complete the project ending on 09.03.2010. In compliance to the order of Hon'ble High Court of Punjab & Haryana, the Company has deposited the extension fees of Rs.48.01 lacs on 04.09.2009 and has applied for the Completion/Occupation Certificate through our Architect on 09.02.2010 and is hopeful of receiving the same. Civil construction work is complete and interior work is also completed upto 85 %