

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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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.

By order of the Board of Directors
for JAMES HOTELS LIMITED

sd/-

PLACE : CHANDIGARH.
DATE : 12th August, 2008

(HARAVTAR SINGHARORA)
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

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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

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

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.

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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.

There is no identifiable secondary segment. However the operations of Hotel & Restaurant remained suspended during the current year.

OUTLOOK FOR 2008-09 :

The Directors are hopeful for completion and commencement of the project during the financial year 2008-09. The Company is cautiously optimistic about the growth prospectus for the current financial year.

RISKS AND CONCERNS :

The demand of hotels is increasing day by day in Chandigarh, so the Company will grow strongly in future without any adverse impact on the growth of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

James Hotels Limited has adequate system of internal controls to ensure all assets are safeguarded and protected and loss from unauthorised use or disposing and that transactions are authorised, recorded and reported correctly.

The internal control is supplemented by documented policies, guidelines and procedure and an extensive programme of internal and external audit and periodic review by management. The system is designed to insure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability for assets.

Internal Audit findings and recommendations are reviewed by the top management and Audit Committee of the Board. The Committee review the quarterly, half yearly and annual financial statements before these are submitted by the Board and ensures compliance of internal control system.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS :

Industrial relations with the employees were co-ordial. James Hotels Limited key business strategy to empower every employee to be a leader in its stride towards total quality. The Company's philosophy is that business strength lies in its human resources & total employee involvement with emphasis on effective communication and regular upgradation of each individual performance / skill.

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CORPORATE GOVERNANCE REPORT:

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges).

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company has always adhered to the highest standards of the Corporate Governance and disclosures. It has over the years established and implemented transparent practices that have resulted in holding the confidence its various stake holders.

2. BOARD OF DIRECTORS:

a) Composition of the Board:

The Board consisted of Seven Directors as on 31st March, 2008. The Board consisted of three Promotor Directors and four non executive independent Directors as on 31st March, 2008, details of which are given in Table-1 below.

b) Number of Board Meetings held and date on which held:

The Board of Directors met Sixteenth time during the financial year 2007-08. The Board Meetings were held as on 20th April, 2007, 30th April, 2007, 21st May, 2007, 11th June, 2007, 19th July, 2007, 30th July, 2007, 18th August, 2007, 24th August, 2007, 4th September, 2007, 17th October, 2007, 22nd October, 2007, 30th October, 2007, 14th November, 2007, 21st January, 2008, 31st January, 2008 and 31st March, 2008.

c) Director's Attendance Record and Directorship held:

See Table-1 for details:

Name of Director	Category	No. of Board Meetings		Whether Attended Last AGM	Directorship in Public Companies	Committee Membership/ incorporated in India
		Held	Attended			
Mr Ajmair Singh Bhullar Director	Promotor & Non Executive Director	16	13	YES	-	1(member)
Mr Haravtar Singh Arora Director	Promotor & Non Executive Director	16	2	YES	-	1(member)
Mr. Gurmeet Singh	Promoter & Non Executive Director	16	16	YES	-	-
Mr. Surjit Singh Gulati	Non Executive Director	16	6	NO	-	-

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Mr Nar Singh Bedi	Non Executive & Independent Director	16	16	YES	-	2(Member) 1(Chairman)
Mr Neeraj Mohindroo	Non Executive & Independent Director	16	16	YES	-	
Mr Rajesh Saini	Non Executive & Independent Director	16	16	YES	-	2(Member) 1(Chairman)

None of the Director is a member of more than 10 (ten) Board - level committees or a Chairman of more than 5 (five) such committees, as required under Clause 49 of the listing agreement.

Detail of Directors appointment / reappointment.

Relevant detail are furnished in the notice convening the Annual Meeting to be held on 18th September, 2008

Information to be placed before Board of Directors:

Among others, this includes:

- * Annual operating plans and budgets, updates,
- * Capital budgets and any updates
- * Quarterly results for the Company.
- * Minutes of meeting of Audit Committee and other Committees of the Board.
- * Showcause, demand, prosecution notices and penalty notices which are materially important.
- * The information on recruitment and remuneration of employees.
- * Any material default in financial obligation to and by the Company.
- * Non compliance of any regulatory, statutory nature or listing requirements as well as shareholder grievances.

The Board of **James Hotels Limited** is regulatory, statutory with all information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in the course of Board Meeting.

3. AUDIT COMMITTEE:

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, an Audit Committee has been constituted to cover the matters specified for Audit Committee under Listing Agreements as well as under the provisions of the Companies Act, 1956. As on 31st March, 2008, the Audit Committee comprised of Mr Nar Singh Bedi, Mr Ajmair Singh Bhullar and Mr Rajesh Saini. Mr Nar Singh Bedi and Mr Rajesh Saini are Non-Executive and Independent Directors and Mr Ajmair Singh Bhullar is a Promotor Director. Mr Rajesh Saini was a Chairman of the Audit

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Committee during the financial year ended on 31st March, 2008 having required financial and accounting knowledge.

During the financial year 2007-2008, 4(four) meetings of the Audit Committee were held.

Table-2 : Attendance record of audit committee members:

Name of Director	Numbers of the Meetings	
	Held	Attended
Mr. Rajesh Saini (Chairman)	4	4
Mr. Ajmair Singh Bhullar	4	4
Mr. Nar Singh Bedi	4	4

The terms of reference of the Audit Committee are in consonance with the Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 and are as under :

- * Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- * Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- * Reviewing with management the annual financial statements before submission to the Board focussing primarily on :
 - Any change in a ccounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going convern assumptions.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives setc. that may have potential conflict with the interests of Company at large.
- * Reviewing with the,management, external and internal auditors, the adequacy of internal control systems.
- * Reviewing the adequacy of internal audit function.
- * Discussing with internal auditors on any significant findings and follow up thereon.
- * Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- * Discussion with the external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of convern.
- * Reviewing the Company's financial and risk management policies.

* To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

4. REMUNERATION COMMITTEE:

The setting up of a Remuneration Committee determining a Company's policy in remuneration package for executive directors is a non mandatory provision of Clause 49 of the Listing Agreement. Further, there are no directors to whom remuneration is being paid during the financial year ended on 31st March, 2008. Hence, the remuneration committee has not been formed.

5. SHAREHOLDER'S/INVESTORS' GRIEVANCE COMMITTEE:

Among other functions, this committee looks into redressal of shareholders complaints in respect of all matters including transfer of shares, non receipt of Annual Report, non receipt of Share Certificates and investor's complaint etc. as required under Clause 49 of the listing agreement. The committee consisted of one promotor director and two non-executive independent directors as on 31st March, 2008. Mr Nar Singh Bedi non-executive independent director is Chairman of Shareholder's/Investors' Grievance Committee.

There are no complaints pending from the shareholders as on 31st March, 2008. No requests for transfers were pending for approval as on 31st March, 2008.

6. GENERAL BODY MEETINGS:

a) Location and time of previous three Annual General Meetings:

Year	Venue	Date	Time	No. of Special Resolution Passed
2006-07	Block 10, Sector 17, Chandigarh	29-09-2007	11 A.M	1
2005-06	Block 10, Sector 17, Chandigarh	29-09-2006	11 A.M	-
2004-05	Block 10, Sector 17, Chandigarh	28-09-2005	11 A.M	-

One Special Resolution was passed in the Annual General Meeting held on 29th September, 2007 There were no Extra Ordinary General Meetings held during the last three years.

b) **Postal Ballot**

The Company has not passed any shareholder resolution through postal ballot during the year under reference. Accordingly, the Company's (Postal Ballot) Rules, 2001 is not applicable to the Company during the said year.

7. DISCLOSURES:

During the year under review, there had not been materially significant party transactions which may be consider to have potential conflict with the interests of the company. 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.

8. MEANS OF COMMUNICATION:

The Quarterly, Half Yearly and Annual Results of the Company's performance are published in leading dailies such as The Financial World and Hari Bhumi. The same is also submitted to Stock Exchanges under the listing agreements.

9. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Date : Thursday, 18th September, 2008
Time : 11 A.M.
Venue : Lajpat Bhawan, Sector 15-B, Chandigarh

Financial Calender:

Financial Year : 1st April, 2007 to 31st March, 2008

For the year ended 31st March, 2008 results were announced on :

First Quarter : 30th July, 2007
Second Quarter : 30th October, 2007
Third Quarter : 31st January, 2008
Fourth Quarter : 30th April, 2008

Date of Book Clousers:

The Register of Members and Share Transfer Register have remained closed from 23rd August, 2008 to 30th August, 2008 (both days inclusive) for the purpose of Annual General Meeting.

Dividend Payment Date: Not Applicable

Disclosures regarding appointment and re-appointment of 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.

Investor's Grievances:

The Company has constituted a Shareholder's/Investor Grievance's Committee to look into and redress shareholders and investors complaints. The status on complaints is reported to the Board of Directors as an agenda item.

Share Transfer:

M/s Alankit Assignments Limited, New Delhi are Registrar and Share Transfer Agents of the Company.

Details of Non Compliance:

There has been no instance of James Hotels Limited not complying with any matter related to capital markets.

Listing on Stock Exchanges:

The Company's equity share are listed on the Bombay Stock Exchange Limited, The Delhi Stock Exchange Association Limited and The Ludhiana Stock Exchange Association Limited with stock code 526558. The ISIN No. of the Company on NSDL is **INE510D01014**. However, the listing of the Company on all the stock exchanges remained suspended during the financial year ended on 31st March, 2008.

Stock Data:

There was no trading of shares of the Company during the period ended on 31st March, 2008 on any of the stock exchanges where the shares of the Company are listed.

Registrar and Transfer Agents:

Share transfers and related operations for James Hotels Limited are conducted by M/s Alankit Assignments Limited having their office at 'Alankit House', 2E/21, Jhandewalan Extension, New Delhi-110 055.

Share Transfer System:

Share transfer are registered and returned within a period of thirty days from the date of receipt, if the documents are cleared in all respects.

Distribution of shareholding:

By ownership, as on 31st March, 2008

Category	No. of Shares Held	%age of Shareholding
A. Promoters Holding		
1. Indian Promoters	0	0
Foreign Promoters	33,65,430	42.06%
2. Person acting in concert		
Relatives/Friends & Associates	8,24,840	10.31%

JAMES HOTELS LIMITED

Sub Total	41,90,270	52.37%
B. Non-Promoters Holding		
3. Institutional Investors	0	0
Others		
a. Private Corporate Bodies	4,14,700	5.19%
b. Indian Public	33,61,830	42.02%
c. NRI's	33,700	0.42%
Sub Total	38,10,230	47.63%
Grand Total	80,00,500	100.00%

Distribution of Shareholding as on 31st March, 2008

No. of Shares	No. of holders	% of share holders	No. of share holding	Voting strength(%)
1 to 500	2391	68.59%	694991	8.68%
501 to 1000	751	21.54%	566500	7.08%
1001 to 2000	219	6.28%	350400	4.38%
2001 to 3000	18	0.52%	44400	0.55%
3001 to 4000	14	0.40%	51600	0.64%
4001 to 5000	13	0.37%	59500	0.74%
5001 to 10000	33	0.95%	242705	3.03%
10001 & above	47	1.35%	5990404	74.87%
Total	3486	100.00%	8000500	100.00%

Shares held in physical and dematerialised form:

The Company's shares are available for Dematerialisation on National Securities Depository Limited (NSDL). Shares representing 57.54% of the paid up capital have so far been dematerialised by investors upto 31st March, 2008.

Registered Office:

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

Address for Correspondence:

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

Address for Shares Transfer and related operations:

Share transfer and related operations for James Hotels Limited are conducted by the Registrar and Share Transfer Agents having their office at :

**Alankit Assignments Limited,
'Alankit House', 2E/21,
Jhandewalan Extension,
New Delhi-110 055**

JAMES HOTELS LIMITED

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To The Board of Directors,
James Hotels Limited

We have examined the implementation of Corporate Governance procedures set by James Hotels Limited ("The Company") for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been restricted to the review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with conditions of the Corporate Governance, as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review of the relevant records and documents maintained by the Company & furnished to us for review and the information and explanations given to us by the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with stock exchanges.

For P.K.VASUDEVA & CO.
CHARTERED ACCOUNTANTS

Place : Chandigarh
Date : 08th July, 2008

Sd/-
(P.K.VASUDEVA)
PARTNER

AUDITOR'S REPORT

The Members,
James Hotels Limited

1. We have audited the attached Balance Sheet of James Hotels Limited as at 31st March, 2008 and the annexed Profit & Loss account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement of the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account, referred to in this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - e) On the basis of written representation received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors of the Company, is disqualified from being appointed as director in the aforementioned

JAMES HOTELS LIMITED

Company, as on 31st March, 2008, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f) Attention is invited to the following in Schedule "M"
- (i) Note No. 2 regarding resumption of hotel site by the Estate Officer, U.T. Chandigarh against which the company has preferred an appeal with the Hon'ble High Court of Punjab & Haryana- their decision is still awaited.
- (ii) Note No. 10 regarding non provision of depreciation on certain assets, since such assets were, since such assets were, not put to use.
- g) In our opinion and to the best of our information and according to the explanations given to us the said accounts, read with notes thereon and attached thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) in so far as it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 2008.
- ii) in so far as it relates to the Profit & Loss Account of the Loss of the Company for the year ended on that date.
- iii) in so far as it related to the Cash Flow Statement of the Cash Flow of the Company for the year ended on that date.

For P.K.VASUDEVA & CO.
CHARTERED ACCOUNTANTS

Place : Chandigarh
Date : 08th July, 2008

Sd/-
(P.K.VASUDEVA)
PARTNER

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date on accounts of James Hotels Limited for the year ended 31st March, 2008)

1. In respect of its Fixed Assets
 - a) The Company is in the process of updating records of its fixed assets with regard to particulars, including quantitative details and situation of Fixed Assets.
 - b) The Management has physically verified most of the fixed assets at the year end, the discrepancy, if any, will be ascertained after the updation of records.
 - c) The Company has not sold any of its fixed assets during the year.
2.
 - a) The Company has not taken any loans, secured or unsecured from firms/ companies & covered in the register maintained under Section 301 of the Companies Act, 1956. However, in respect of unsecured loan taken from two parties (balance outstanding Rs.90,973,234/-), covered in the register maintained under Section 301 of the Companies Act, 1956, the terms and conditions of repayment etc., though not determined, are, prima facie, not prejudicial to the interest of the Company.
 - b) The Company has not granted any loans, secured or unsecured to companies/ firms/ other., parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
4. According to the information and explanations given to us, there are no particulars of contracts / arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence sub-clause (b) of clause (v) is not applicable to the company.
5. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of the Sections 58-A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
6. In our opinion, the Company does not have any formal internal audit system, commensurate with its size and nature of its business.
7. In respect of statutory dues:
 - a) According to the information & explanations given to us, the provisions of Employees' State Insurance Act and Provident Fund Act etc. are not applicable to the Company,

JAMES HOTELS LIMITED

There were no undisputed amounts payable in respect of Investor Education and Protection Funds, Income Tax, Wealth Tax, CST / VAT, Customs Duty, Excise Duty Cess and other applicable statutory dues, as at 31st March, 2008, for a period of more than six months from the date they became payable

- b) As informed, there were no disputed dues which remained unpaid as on 31st March, 2008.
8. The accumulated losses of the Company are less than fifty per cent of its net worth at the end of the financial year. The Company has not incurred any cash losses during the financial year covered under our report, however the Company had incurred cash losses in the immediately preceding financial year.
9. According the information & explanations given to us and on the basis of verification of records, the company has not defaulted in the repayment of dues to the banks.
10. According the information & explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The activities of the Company do not attract any special statute applicable to chit funds and nidhi / mutual benefit funds / societies.
12. As informed, the Company is not dealing or trading in shares, securities, debentures and other investments.
13. According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions
14. As informed, the term loan availed by the Company has been utilised for the purpose for which it was obtained.
15. According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis have, prima facie, not been used during the year for long-term investment.
16. Based on information & explanations furnished by the management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.
17. The remaining clauses of the order are either not applicable to the Company or are not relevant in the current year and accordingly, we have not reported thereon.

For P.K.VASUDEVA & CO.
CHARTERED ACCOUNTANTS

Place : Chandigarh
Date : 08th July, 2008

Sd/-
(P.K.VASUDEVA)
PARTNER

JAMES HOTELS LIMITED

BALANCE SHEET AS ON 31.03.2008

PARTICULARS	SCHEDULE	31ST MARCH, 2008		31ST MARCH, 2007	
		Rs.	Rs	Rs.	Rs
SOURCES OF FUNDS					
Shareholder's Funds					
-Share Capital	"A"	80,005,000		80,005,000	
Share Application Money (pending allotment)		80,300,000		0	
-Reserves & Surplus	"B"	<u>184,748,450</u>	345,053,450	<u>184,748,450</u>	264,753,450
Loan Funds					
-Secured Loans	"C"		174,053,804		0
-Unsecured Loans	"D"		<u>90,973,234</u>		<u>145,350,000</u>
	TOTAL Rs.		<u>610,080,488</u>		<u>410,103,450</u>
APPLICATION OF FUNDS					
Fixed Assets					
-Gross Block (At Cost)	"E"	280,598,509		278,699,109	
-Less: Depreciation		<u>11,172,914</u>		<u>11,008,517</u>	
Net Block		269,425,595		267,690,592	
Capital Work-In-Progress	"F"	<u>263,221,937</u>	532,647,532	<u>124,183,970</u>	391,874,562
Current Assets, Loans & Advances					
-Current Assets	"G"	15,476,356		20,482,332	
-Loans & Advances	"H"	<u>52,460,258</u>		<u>402,867</u>	
		67,936,614		20,885,199	
Less: Current Liabilities & Provisions	"I"	<u>8,471,972</u>		<u>20,249,085</u>	
Net Current Assets			59,464,642		636,114
Miscellaneous Expenditure (to the extent not adjusted or written off)			<u>17,968,314</u>		<u>17,592,774</u>
	TOTAL Rs.		<u>610,080,488</u>		<u>410,103,450</u>

**Significant Accounting Policies
& Notes on Accounts** "M"

Schedules referred to above
forms an integral part of these
Accounts.

"AUDITOR'S REPORT"
In terms of our attached
report of even date

For P.K. VASUDEVA & CO.
CHARTERED ACCOUNTANTS

Sd/-
(P.K. VASUDEVA)
PARTNER

Sd/-
(AJMAIR SINGH BHULLAR)
DIRECTOR

Sd/-
(GURMEET SINGH)
DIRECTOR

Sd/-
(NAR SINGH BEDI)
DIRECTOR

Dated : 08th July, 2008
Place : Chandigarh.

JAMES HOTELS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE	31ST MARCH, 2008		31ST MARCH, 2007	
		Rs.	Rs	Rs.	Rs
INCOME					
-Income	"J"		152,243		911,569
EXPENDITURE					
-Administrative & Other Expenses	"K"	327,445		963,256	
-Financial Charges	"L"	<u>13,631</u>	341,076	<u>15,573</u>	978,829
(Loss) before depreciation			(188,833)		(67,260)
Depreciation			164,397		0
(Loss) after depreciation before tax			(353,230)		(67,260)
Taxes					
-For earlier year					
Income Tax			22,310		
(Loss) after tax			(375,540)		(67,260)
Balance brought forward from last year			(17,592,774)		(17,525,514)
Balance carried to Balance Sheet			(17,968,314)		(17,592,774)
Significant Accounting Policies & Notes on Accounts	"M"				
Schedules referred to above forms an integral part of these Accounts.			"AUDITOR'S REPORT" In terms of our attached report of even date	Sd/- (AJMAIR SINGH BHULLAR) DIRECTOR	
			For P.K. VASUDEVA & CO. CHARTERED ACCOUNTANTS	Sd/- (GURMEET SINGH) DIRECTOR	
			Sd/- (P.K. VASUDEVA) PARTNER.	Sd/- (NAR SINGH BEDI) DIRECTOR	
Dated : 08th July, 2008					
Place : Chandigarh.					

JAMES HOTELS LIMITED

SCHEDULE "A" SHARE CAPITAL

PARTICULARS	31ST MARCH, 2008		31ST MARCH, 2007	
	Rs.	Rs	Rs.	Rs
Authorised 1,40,00,000 equity shares of Rs.10/- each		140,000,000		140,000,000
Issued Subscribed & Paid Up 8,000,500 Equity Shares of Rs. 10/- each , fully paid up		80,005,000		80,005,000
TOTAL RS		80,005,000		80,005,000

SCHEDULE "B" RESERVES & SURPLUS

Revaluation Reserve				
- balance brought forward		184,147,450		184,147,450
Capital Reserve				
- balance brought forward		601,000		601,000
TOTAL RS.		184,748,450		184,748,450

Dated : 8th July, 2008
Place : Chandigarh

JAMES HOTELS LIMITED

SCHEDULE "C" SECURED LOANS

PARTICULARS	31ST MARCH, 2008		31ST MARCH, 2007	
	Rs.	Rs	Rs.	Rs
From Bank				
-State Bank Of India		174,053,804		0
		<u> </u>		<u> </u>
TOTAL Rs.		<u>174,053,804</u>		<u>0</u>

Note : Secured Loan from State Bank of India is secured by first exclusive charge on the entire fixed assets of the Company including equitable mortgage of commercial land (measuring 9602 sq. yds.) and proposed building of hotel at Block No. 10, Sector - 17A, Chandigarh and personal guarantee of two directors of the Company.

SCHEDULE "D" UNSECURED LOANS

From : Companies		0	145,350,000
(inter-corporate deposits)			
From : Directors		90,973,234	0
		<u> </u>	<u> </u>
TOTAL RS.		<u>90,973,234</u>	<u>145,350,000</u>

Dated : 8th July, 2008
Place : Chandigarh

JAMES HOTELS LIMITED

JAMES HOTELS LIMITED

SCHEDULE "E" FIXED ASSESTS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	COST AS ON 01.04.2008	ADDITIONS/ (ADJUSTMENTS)	TOTAL	AS ON 01.04.2008	DURING THE YEAR	TOTAL	WDV AS ON 31.03.2007	W.D.V. AS ON 31.03.2008
Land								
-Leasehold	224,508,415	208,750	224,717,165	0	0	0	224,508,415	224,717,165
Site Development	2,084,068	0	2,084,068	0	0	0	2,084,068	2,084,068
Building	21,553,530	0	21,553,530	2,896,719	0	2,896,719	18,656,811	18,656,811
Furniture & Fixtures								
-Hotel	11,764,373	0	11,764,373	5,439,601	0	5,439,601	6,324,772	6,324,772
-Office	190,719	0	190,719	86,915	0	86,915	103,804	103,804
Plant & Machinery								
-Machinery	17,653,804	0	17,653,804	2,172,161	0	2,172,161	15,481,643	15,481,643
-Equipment	327,255	0	327,255	100,227	0	100,227	227,028	227,028
-Computers	616,945	65,300	682,245	312,894	129,330	442,224	304,051	240,021
Vehicles								
-Cars	0	1,625,350	1,625,350	0	35,067	35,067	0	1,590,283
"A" FIGURES FOR CURRENT YEAR:Rs.	278,699,109	1,899,400	280,598,509	11,008,517	164,397	11,172,914	267,690,592	269,425,595
"B" FIGURES FOR PREVIOUS YEAR:Rs.	258,716,454	19,982,655	278,699,109	11,008,517	0	11,008,517	247,707,937	267,690,592

Note : 1. Depreciation has been provided on written down value method, pro-rata on month end balances, as per the rates specified in Schedule XIV to the Companies Act, 1956.

2. Refer Annexure "E-I" for depreciation details.

Notes :- Depreciation on assets, since not put to use, has not been provided.

Dated : 8th July, 2008

Place : Chandigarh

JAMES HOTELS LIMITED**SCHEDULE "F" CAPITAL WORK IN PROGRESS**

PARTICULARS	31ST MARCH, 2008		31ST MARCH, 2007	
	Rs.	Rs	Rs.	Rs
Building (Under - construction)		167,716,994		59,295,002
Plant & Machinery (Under - installation)		8,696,939		8,620,173
Miscellaneous Fixed Assets (Under - installation)		8,178,921		6,387,281
Preoperative Expenses (pending capitalisation) balance brought forward	49,881,514			49,881,514
Add: Preoperative Expenses for current year	28,747,569	78,629,083		
TOTAL Rs.		<u>263,221,937</u>		<u>124,183,970</u>

SCHEDULE "G" - CURRENT ASSETS

Amount Recoverable				265859
- Exceeding Six Months	146,804			
- Other	0	146,804		
Cash & Bank Balances		15,329,552		20,216,473
TOTAL RS.		<u>15,476,356</u>		<u>20,482,332</u>

Dated : 8th July, 2008
Place : Chandigarh

JAMES HOTELS LIMITED**SCHEDULE "H" LOANS & ADVANCES**

PARTICULARS	31ST MARCH, 2008		31ST MARCH, 2007	
	Rs.	Rs	Rs.	Rs
(Unsecured - considered good)				
Advances recoverable in cash or kind or value to be received.		51,617,582		0
Taxes				
-Tax deducted at source		33,358		75,194
Prepaid Expenses				
-Insurance		78,116		0
Deposits with Government Department & Other Agencies.		731,202		327,673
	TOTAL RS.	<u>52,460,258</u>		<u>402,867</u>

SCHEDULE "I" CURRENT LIABILITIES & PROVISIONS

Sundry Creditors				20,151,085
-For Supplies/Expenses		567,941		
Other Liabilities		7,904,031		98,000
	TOTAL Rs.	<u>8,471,972</u>		<u>20,249,085</u>

SCHEDULE "J" INCOME

Lease Rent	83,772		335,088	
Interest				
-on fixed deposits	68,471	152,243	576,481	911,569
	TOTAL Rs.	<u>152,243</u>		<u>911,569</u>

Dated : 8th July, 2008
Place : Chandigarh

JAMES HOTELS LIMITED

SCHEDULE "K" ADMINISTRATIVE & OTHER EXPENSES

PARTICULARS	31ST MARCH, 2008		31ST MARCH, 2007	
	Rs.	Rs	Rs.	Rs
Establishment				
-Salaries & Allowances		208,000		589,726
Other Administrative Expenses		95,118		279,623
General Charges		24,327		93,907
		<u> </u>		<u> </u>
TOTAL Rs.		<u>327,445</u>		<u>963,256</u>

SCHEDULE "L" FINANCIAL CHARGES

Bank Charges		13,631		15,038
		<u> </u>		<u> </u>
TOTAL RS.		<u>13,631</u>		<u>15,038</u>

Dated : 8th July, 2008
Place : Chandigarh

JAMES HOTELS LIMITED

SCHEDULE "M": NOTES ON ACCOUNTS

(Forming part of Profit & Loss Account and Balance Sheet)

For the year ended 31st March, 2008

"A" Significant Accounting Policies

1. Accounting Concepts

- The financial statements are prepared under historical cost convention on accrual basis of accounting & in accordance with accounting principles generally accepted in India.
- The Company follows mercantile system of accounting and recognises Income & Expenditure on accrual basis. However, certain indeterminate income/expenditure are accounted for as & when settled.
- Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting policies followed by the Company.

2. Fixed Assets/Capital Work in Progress

- Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation.
- All costs including freight, insurance & installation charges for bringing the asset to its working condition for use and financing cost till commencement of commercial production are capitalised.
- Expenditure during construction/installation period is included under capital work in progress and allocated to the respective fixed assets on completion of construction/installation.

3. Depreciation

- Depreciation is provided, on written down value method (prorata on month end balances) as per the rates specified in Schedule XIV of the Companies Act, 1956.
- Depreciation on addition is provided, on prorata basis, on month end balances for the period for which the assets are put to use.
- Depreciation on assets sold & scrapped, during the year, is provided upto the month in which such assets are sold or scrapped.

4. Revenue Recognition

- a) Revenue from services is recognized as and when services are rendered and related costs are incurred.
- b) Income from investment/other income is recognized on accrual basis unless otherwise stated

5. Retirement Benefits

Provisions of Employees State Insurance, Provident Fund, Bonus/Gratuity and leave encashment are not yet applicable.

6. Foreign Exchange Transactions

Foreign exchange transactions are recorded at the exchange rate prevailing on the date of transaction. All exchange differences in respect of foreign currency transactions are dealt with in the profit & loss account (except those relating to acquisition of fixed assets, which are adjusted in the cost of assets).

7. Taxation

- a) Provision for Current Tax & Fringe Benefit Tax is made on the basis of harmonious contextual interpretation of the Income Tax Act, 1961.
- b) Deferred tax liability/asset arising out of "timing difference" are recognised in the Profit & Loss Account of the year in which they arise.

8. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

9. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue

10. Insurance and other claims

Insurance claims are accounted for on settlement of claims/on receipt.

11. Prior Period Adjustments/Extra ordinary items

Prior period adjustments/Extra ordinary items, if material, are disclosed separately.

12. Miscellaneous Expenditure

The Company follows the policy of treating some expenditure, the benefits of which accrue to the Company over an extended period as miscellaneous expenditure and amortises such expenditure over such periods for which the Company expects the benefits to accrue.

13. Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed in Notes on Accounts.

"B" Notes on Accounts

- 1. Contingent Liabilities and Capital Contracts pending execution (not provided for in the books of account) as certified by the management are as follows.

JAMES HOTELS LIMITED

	<u>31st March, 2008</u> (Rs. in lacs)	<u>31st March, 2007</u> (Rs. in lacs)
a) Claims by suppliers & other third parties & counter claims (if any)	Nil	Nil
b) Disputed statutory claims/ levies including those pending in Courts	Nil	Nil
c) Estimated amount of contracts remaining to be executed and not provided for (net of advances)	3163	Nil
2. a) The Advisor to the Administrator vide its order dated 02 nd May, 2007 restored the Hotel site to the Company with a condition to complete the construction of the Building by 01 st May, 2008.		
b) Partial completion, on application of the Company, was granted on 22 nd May, 2008 and on 23 rd May, 2008, the said partial completion order was withdrawn by the Estate Officer, U.T., Chandigarh and site resumed.		
c) The Company has filed a writ petition in the Hon'able High Court of Punjab & Haryana and the matter is pending decision of the Hon'able High Court of Punjab & Haryana.		
3. In the opinion of the Directors, "Current Assets", "Loans & Advances" are approximately of the value stated in the Balance sheet, if realised in the ordinary course of business and to the best of their knowledge provisions for all the known liabilities have been made and, as certified, all the contractual and statutory obligations have been duly complied with		
4. a) Share Application Money (Rs. 803 lacs) has been received consequent to the resolution passed in the Annual General Meeting of the Company held on 29 th September, 2007 in order to comply with the terms and conditions of the lending Bank as mentioned hereunder in para 4 (b).		
b) State Bank of India sanctioned a term loan of Rs. 45.00 crores to part finance the completion of hotel project (situated at Plot No. 10, Sector 17, Chandigarh), with a stipulation that the remaining amount (i.e. Rs. 7.31 crores) will be contributed by the promoters as Share Capital.		
c) The Shareholders at the Annual General Meeting passed a resolution under section 81(1A) of the Companies Act, 1956 for preferential allotment of equity shares in accordance with applicable provisions of the Companies Act, 1956 to Mr. Ajmair Singh Bhullar and Mr. Haravtar Singh Arora, the promoter directors of the Company.		
d) The Company is listed on the Stock Exchange and accordingly the Company, pursuant to the provisions of clause 24 of the Listing Agreement, cannot allot shares until it receives consent from the Stock Exchange. The clause 24 is reproduced herein below:		

According to clause 24(a), the Company shall obtain 'in principle' approval for listing from the exchanges having nationwide trading terminals where it is listed, before issuing

JAMES HOTELS LIMITED

further shares or securities; where the Company is not listed on any exchange having nationwide trading terminal, it shall obtain such 'in principle' approval from all the exchanges in which it is listed before issuing further shares or securities. The Company shall make an application to the exchange for listing of any new issue of shares or securities and of the provisional documents relating thereto.

- e) The Company has received Rs. 803 lacs from the promoters for allotment of 3,070,000 equity shares at a premium of Rs. 16.15 per share. The Company has already filed necessary documents with Bombay Stock Exchange Limited for getting 'in principle' approval which is still pending.

Keeping in view the facts stated above, the Company will allot shares to the promoters after the approval/consent from the Bombay Stock Exchange.

5. Secured Loan (Rs. 1740.54 lacs) from State Bank of India is secured by first exclusive charge on the entire fixed assets of the Company including equitable mortgage of commercial land (measuring 9602 sq. yds.) and proposed building of hotel at Block No. 10, Sector – 17A, Chandigarh and personal guarantee of two directors of the Company.
6. Unsecured Loans from directors, are exempt deposit in conformity with the applicable provisions of the Companies Act, 1956 & rules framed thereunder.
7. Fixed Assets :
Land includes addition of (Rs. 208,500/-) on account of lease rent paid to the Estate Officer, U.T. Chandigarh.
8. Capital-Work-in-Progress (Rs. 2632.22 lacs) includes (Rs 1390.38 lacs) incurred, during the year on implementation of Hotel Project. The total expenditure i.e. (Rs.2,632.22 lacs) comprises of Building (under construction Rs. 1,677.17 lacs, Plant & Machinery and Miscellaneous Fixed Assets under installation Rs. 86.97 lacs & Rs. 81.79 lacs respectively) and Preoperative Expenses (pending capitalisation Rs. 287.48 lacs).
9. The project is still under implementation and the Company intends to capitalise Preoperative Expenses on commencement of commercial operations.
10. Depreciation :
- Depreciation (Rs. 164,397/-) on Computers & Vehicles has been provided on straight line method as per the rates specified on Schedule XIV of the Companies Act, 1956.
- Depreciation on other assets, since under construction/under installation, has not been provided.
11. The unaudited accounts, published in newspapers showed loss of Rs. 100.01 lacs; whereas, the said loss as per the audited Balance Sheet as at 31st March, 2008 is Rs. 1.89 lacs. The difference (Rs. 98.78 lacs) is the result of increase in other income and

JAMES HOTELS LIMITED

setting off certain expenses including interest during construction period (Rs. 33.23 lacs) under the head 'Preoperative Expenses-pending capitalisation' (since no operational activity was carried on during the year) as against the same appearing under the head Profit & Loss Account in the unaudited published accounts.

12. As informed, the provisions of Employees State Insurance, Provident Fund, Bonus/Gratuity, leave encashment are not yet applicable.
- 13.a) The Company has been advised by an expert that the provisions of Fringe Benefit Tax on expenses set out under the head Preoperative Expenses (pending capitalisation) are not applicable, accordingly no provision thereof has been made.
- b) The exact liability of Income Tax is indeterminate pending finalization of assessments.
- c) The management has informed that keeping in view the carry forward of losses & non operational business activity, there was no deferred tax asset/liability.
14. The accounts of the Company have not been authenticated by a wholetime company secretary, since no wholetime secretary, as required under the provisions of section 383 A of the Act, has been appointed.
15. According to the information available with the Company there were no dues outstanding to Micro, Small & Medium Enterprises.
16. **Segmental reporting**
The Company is engaged in hotel and related business activity and has not been geographically divided, hence the Company has nothing to report on Accounting Standard- 17 –“Segmental Reporting”.
17. **Related Party Disclosure**
 - a) Key Management Personnel & their relatives.
-All the directors are independent & not related to each other
 - b) Transactions with related parties.
-Intercorporate deposits (Rs. 1,453.50 lacs) repaid during the year.
18. **General**
 - a) Lease Rent/Other Income (Rs. 152,243/-) include lease rent (Rs. 83,772/-) for relay tower received from Spice Communication Ltd. and interest (Rs.68,471/-) on deposits with Banks.
 - b) Salaries & Allowances (Rs. 208,000/-) represents salary of accounts staff.
 - c) Legal & Professional Charges (Rs. 17,891,800/-) include payments made to consultants, engineers, interior decorators and merchant bankers' etc. associated with the Company for implementation of the project.
 - d) Rates & Fee (Rs. 661,462/-) includes Rs. 600,000/- paid to Chandigarh Pollution Control Committee.
 - e) Amount Recoverable (Rs. 146,804/-) represents Income Tax refund (Rs.71,610 and Rs. 75,194/- for the assessment years 2006-2007 & 2007-08 respectively) due from the Department.

JAMES HOTELS LIMITED

19. Managerial Remuneration
During the year, no managerial remuneration has been paid by the Company.

20. Auditor's Remuneration	<u>31st March, 2008</u> (Rs. in lacs)	<u>31st March, 2007</u> (Rs. in lacs)
- Audit Fee	0.1500	0.1500
-Taxation Work	0.0300	Nil
- Out of pocket expenses	0.0200	0.0300
- Certification Fee	0.1150	Nil
Total :	0.3150	0.1800

21. The Company did not carry out any specified activities, during the year, therefore the provisions of paragraphs 3, 4-C and 4-D of Part-II of Schedule VI of the Companies Act, 1956 are not applicable.

22. Transactions in Foreign Currency

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

23. Previous year figures have been regrouped/rearranged, where considered necessary.

24. Figures have been rounded off to nearest rupee.

For P.K. VASUDEVA & CO.
CHARTERED ACCOUNTANTS
Sd/-

(P.K. VASUDEVA)
PARTNER

Dated : 8th July, 2008
Place : Chandigarh

sd/-
(AJAMIR SINGH BHULLAR)
DIRECTOR
sd/-
(GURMEET SINGH)
DIRECTOR
sd/-
(NAR SINGH BEDI)
DIRECTOR

JAMES HOTELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs in Lacs.)
"A" CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	(3.53)	(0.67)
Adjustment for :		
1) Depreciation	1.64	0.00
2) Miscellaneous Expenditure written off	0.00	0.00
3) (Profit)/Loss on sale of assets	0.00	0.00
4) (Profit)/Loss on sale of investments	0.00	0.00
5) Interest Income	0.13	0.15
6) Income Tax	(0.22)	0.00
	(1.98)	(0.52)
Operating Profit before Working Capital Changes		
Adjustments for :		
- (Increase)/Decrease in Sundry Debtors	1.19	0.00
- (Increase)/Decrease in Inventories	0.00	(2.23)
- (Increase)/Decrease in Loans & Advances other current Assets	(520.56)	(0.03)
- Increase/(Decrease) in Current Liabilities and provision	(117.76)	194.59
	(639.11)	191.81
Cash generated from Operations		
Interest received/ Paid	(0.13)	(0.15)
Direct Taxes (Paid)/Received Back	0.00	0.00
Cash Flow before Extraordinary items	(639.24)	191.66
Extraordinary Items		
Prior Period adjustment	0.00	0.00
CASH FROM OPERATING ACTIVITIES	(639.24)	191.66
"B" CASH FLOW FROM INVESTING ACTIVITIES		
1) Purchase of Fixed Assets (including Capital Work in Progress)	(1409.37)	(194.86)
2) Proceeds from Sale of Fixed Assets	0.00	0.00
3) Expenditure incurred during construction period (pending capitalisation)	0.00	0.00
4) Proceeds for purchase of investment	0.00	0.00
5) Proceeds from sale of Investments	0.00	0.00

JAMES HOTELS LIMITED

6) Divident Received	0.00	0.00
7) Interest Received	0.00	0.00

Net Cash (used) / raised from Investing Activities	(1409.37)	(194.86)
	CURENT YEAR	PREVIOUS YEAR
	(Amount in Rs.)	(Amount in Rs.)

“C” CASH FLOW FROM FINANCING ACTIVITIES

1) Issue of Equity Shares	0.00	0.00
2) Share Application Money	803.00	0.00
3) Share Premium	0.00	0.00
4) Proceeds from Long Term Borrowings	1740.54	0.00
5) Repayment of Long Term Borrowing	0.00	0.00
6) Increase/(Decrease) in Unsecured Loan	(543.80)	0.00
7) (Repayment of) / Proceeds from Bank Borrowings	0.00	205.51
8) Interest and Financial charges paid	0.00	0.00
9) Dividend /Divident Distribution Tax Paid	0.00	0.00

NET CASH FROM FINANCING ACTIVITIES	1999.74	205.51
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NET CASH FLOW DURING THE YEAR (A+B+C)	(48.87)	201.80
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CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (Opening Balance)	202.16	0.36
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CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (Closing Balance)	153.29	202.16
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NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	(48.87)	201.80
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Dated : 08th July, 2008
Place : Chandigarh.

Sd/- (AJMAIR SINGH BHULLAR) DIRECTOR	Sd/- (GURMEET SINGH) DIRECTOR
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Sd/
(NAR SINGH BEDI)
DIRECTOR

AUDITOR'S CERTIFICATE

We have checked the above Cash Flow Statement of James Hotels Limited, derived from the audited annual financial statements for the year ending March, 2008, with the books and record maintained in the ordinary course of business and found the same to be in accordance therewith.

For P.K. VASUDEVA & CO.
CHARTERED ACCOUNTANTS

Dated : 08th July, 2008
Place : Chandigarh.

Sd/-
(P.K. VASUDEVA)
PARTNER

JAMES HOTELS LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet

Date _____ Date _____ Month _____ year _____

II. Capital raised during the year (Amount In Thousands)

Public Issue Rights issue

Bonus issue Private Placement

III. Position of Mobilisation and Deployment of Funds

(Amount In Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital
(Including Share application)

1 6 0 3 0 5

Secured Loans

1 7 4 0 5 4

Reserves & Surplus

1 8 4 7 4 8

Unsecured Loans

9 0 9 7 3

Application of Funds

Net Fixed Assets

5 3 2 6 4 8

Net current Assets

5 9 4 6 4

Accumulated Losses

1 7 9 6 8

Investments

N I L

Misc. Expenditure

N I L

IV. Performance of Company (Amount in Rs. Thousand)

Turnover

1 5 2

Profit + / Loss – Before Tax

- 3 5 3

Total Expenditure

5 0 5

Profit + / Loss – after Tax

- 3 7 5

Please Tick Appropriate box+ for the profit, - for Loss

Earning Per Share in Rs.

N I L

Dividend rate %

N I L

V. Generic Names of the Three principal Products/Services of Company

Item Code No. (ITC Code) 5 9 1 0 0 1 0 0 6

Product Description HOTELS

Dated : 8th July, 2008

Place : Chandigarh.

S d / -
(AJMAIR SINGH
BHULLAR)
DIRECTOR

S d / -
(GURMEET
SINGH)
DIRECTOR

S d / -
(NAR SINGH
BEDI)
DIRECTOR

JAMES HOTELS LIMITED

**JAMES HOTELS LIMITED
REGD. OFFICE:BLOCK 10,SECTOR 17-A,CHANDIGARH
PROXY FORM
ANNUAL GENERAL MEETING**

I/We.....of.....in the district of.....being a member / members of the above-named Company hereby appoint.....of.....in the district of.....or failing him.....of.....in the district ofas my/our proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Thursday, the 18th day of September, 2008 at 11.00 A.M. at Lajpat Bhawan, Sector 15-B, Chandigarh and at any adjourment thereof.

Name of the Shareholder.....

Client ID No.....

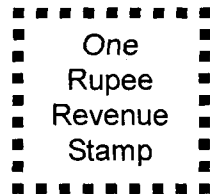
DP ID No.....

Registered Folio No.....

No. of shares held.....

Signed this.....day of.....2008

Signature.....



Note:The proxy form duly signed across the revenue stamp of the Rupee should reach the Registered Office of the Company at least 48 hours before the time of the meeting.

**JAMES HOTELS LIMITED
REGD. OFFICE:BLOCK 10,SECTOR 17-A,CHANDIGARH
ATTENDANCE SLIP**

L.F. No.....

NO. OF SHARES HELD.....

Client ID No.....

DP ID No.....

I hereby record my presence at the 27th Annual General Meeting of the Company to held on Thursday, the 18th day of September, 2008 at 11.00 A.M. at Lajpat Bhawan, Sector 15-B, Chandigarh

Full Name of the Shareholders/Proxy

Signature

(IN BLOCK LETTERS)

Note:Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

Book Post

To

If not delivered please return to :-

JAMES HOTELS LIMITED
Regd. Office: Block 10, Sector 17-A,
Chandigarh - 160 017.