

ANNUAL REPORT
2008-2009

JAMES HOTELS LIMITED

James Hotels Limited

Board Of Directors

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

Auditors

M/s Vasudava & Associates
Chartered Accounts
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, SME Branch, 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 Eighth Annual General Meeting of the members of James Hotels Limited will be held on Wednesday, the 30th day of September, 2009 at 11.00 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, 2009 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. Niraj Mohindroo, who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Saini, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint M/s Vasudeva & Associates, Chartered Accountants, Chandigarh, the retiring auditors, of the Company for the year 2009-2010 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

5. APPOINTMENT OF MANAGING DIRECTOR

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 Ajmair Singh Bhullar 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 1st April, 2009, at a remuneration and on the terms and conditions as may be decided by the Board of Directors from time to time."

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

Sd/-

(Ajmair Singh Bhullar)
Managing Director

**PLACE : CHANDIGARH
DATE : 22nd July, 2009**

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. Members desiring any information on the business to be transacted at the meeting are requested to write to the Company at least 10 days in advance to enable the management to keep the information, as far as possible ready at the meeting.
5. The Register of Members and Share Transfer Books of the Company have remained closed from 21st September, 2009 to 30th September, 2009 (both days inclusive).
6. The shareholders holding shares in identical order or names in more than one folio are requested to write to the Company's Share Department enclosing their share certificate.
7. The members who hold shares in dematerialized form are requested to bring to their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. The members are advised that no gift/gift coupons will be distributed at the Annual General Meeting of the Company.
9. Members/Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall.
10. The shareholders are requested to bring their copy of Annual Report at the Meeting.

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

ITEM NO. 2

Mr. Niraj Mohindroo 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. Niraj Mohindroo is an independent director of the Company having rich experience in real estate business.

ITEM NO. 3

Mr. Rajesh Saini 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. Rajesh Saini is an independent director of the Company having rich experience in Financial Accounting.

James Hotels Limited

ITEM NO.5

Mr. Ajmair Singh Bhullar 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. Considering his substantial contribution to the progress and development of the company, the Board of Directors felt that he should lead the company for smooth functioning. Accordingly it was resolved in the meeting of the Board of Directors held on 31.03.2009 to appoint Mr. Ajmair Singh Bhullar as the Managing Director of the company w.e.f 01.04.2009 not liable to retire by rotation. He is a promoter Director of the Company having rich experience in manufacturing & trading business .

The Board of Directors recommends the passing of the resolution regarding appointment of Mr. Ajmair Singh Bhullar, as a Managing Director of the company. The Board recommends the resolution set out under item No.5 for approval of members.

None of the Director except Mr. Ajmair Singh Bhullar are interested in the above resolution.

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

NAME OF THE DIRECTOR	Niraj Mohindroo	Mr. Rajesh Saini	Mr. Ajmair Singh Bhullar
DATE OF BIRTH	24-07-1960	16-06-1954	23-12-1948
DATE OF APPOINTMENT	20-12-2005	20-12-2005	04-08-2006
EXPERTISE IN SPECIFIC FUNCTIONAL AREA	Real Estate Accounts & Finance	Financial Accounting	Manufacturing & Trading
QUALIFICATIONS	B.COM	B.A.	B.A.
RELATIONSHIP BETWEEN DIRECTOR INTER-SE	NIL	NIL	NIL
SHAREHOLDING IN THE COMPANY	NIL	NIL	2093170
LIST OF PUBLIC COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD	NIL	NIL	NIL

PLACE : CHANDIGARH
DATE: 22nd July,2009

By order of the Board of Directors
for JAMES HOTELS LIMITED
Sd/-
(Ajmair Singh Bhullar)
Managing Director

James Hotels Limited

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Eighth Annual report together with the audited Profit And Loss Account Statement for the year ended on 31st March, 2009 and Balance Sheet as at 31st March, 2009.

STATUS OF PROJECT :

The work of completion of the project has been going on since June 2007 after restoration of the site on 2nd May, 2007. The Company was granted partial completion cum occupation certificate on 22nd May, 2008. However, the same was withdrawn on 23rd May, 2008 and the hotel site of the company was resumed by the Estate Officer on 23rd May, 2008. The Company had filed a writ petition in the Hon'ble High Court of Punjab & Haryana at Chandigarh, on 24th February 2009 against the orders dated 23rd of May, 2008. The Hon'ble High Court was pleased to quash the order of Estate Officer dated 23rd of May 2008, the copy of the same was received on 24th March, 2009, in which Hon'ble High Court has given eleven and a half month time period to complete the project from the date of receiving of copy of order. Work is in full swing as the civil construction work is completed upto 90% and interior work is also completed upto 70%, the main plant & machinery/equipment have already been received at site & are under installation.

The Directors are hopeful to complete the project within the prescribed time period given by the Hon'ble High Court.

FINANCIAL RESULTS: .

	2008-2009 (Rs. in Lakhs)	2007-2008 (Rs. in Lakhs)
Gross Operating Profit/(Loss) before Financial Charges & Depreciation	(1.65)	(1.75)
Depreciation	9.54	1.64
Financial Charges	----	0.14
Gross Operating Profit/(Loss) before Tax	(11.20)	(3.53)
Provision for Income Tax	----	0.22
Provision for Fringe Benefit Tax	0.66	----
Surplus/(Deficit)	(11.86)	(3.75)

As the Company has not wiped off the accumulated losses so far, 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 thereunder.

DIRECTORS:

Mr Niraj Mohindroo & Mr Rajesh Saini retires from the office of Directorship by rotation and being eligible, offer themselves for re-appointment. Your Board recommends their re-appointment for your approval.

Mr. Ajmair Singh Bhullar has been appointed as the Managing Director of the company w.e.f. 01-04-2009

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, 2009, 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 consider 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. SEBI imposed a penalty of Rs.2.50 lacs on account of Non-Compliances of SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997, pertaining to pervious years which has been paid and with that no pending non-compliance under SEBI Guidelines.

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 2009-2010.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 WITH STOCK EXCHANGES:

The Company's securities are at present listed at Bombay, Delhi and Ludhiana Stock Exchange. However the listing on Bombay Stock Exchange remained suspended during the financial year ended on 31st March, 2009 due to previous non-compliances. Request for revocation has been made since 2006. As on date Company has complied with all the compliances of the exchange and management is hopeful to get the revocation of

suspension of securities on the Bombay Stock Exchange. Annual Listing fees have been paid to all the Stock Exchanges.

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, is given below

Foreign Exchange Earnings and Outgo:

	31st March, 2009	31st March, 2008
a) CIF Value of Imports Air Conditioning Plant (US \$ 390804.13, Sin\$ 35701.78 & Euros 79437.64)	223.07	85.02
b) Expenditure in Foreign currency Foreign Travel	Nil	0.61
Total	223.07	85.63

ACKNOWLEDGEMENT:

Yours Directors place on record their sincere thanks to Chandigarh Administration, State Bank of India for their continuous help and co-operation and to the Investors and Shareholders for the utmost faith reposed by them to the Company. The Board of Directors of your Company are 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**

PLACE : CHANDIGARH
DATE : 22nd July,2009

Sd/-
Gurmeet Singh
(Director)

Sd/-
Ajmair Singh Bhullar
(Managing Director)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Development:****Tourism in India**

Tourism industry in India is being utilised as a powerful tool to facilitate international presence. According to the Travel & Tourism Competitiveness Report 2009 brought out by World Economic Forum, India is ranked 11th in the Asia- Pacific region and 62nd overall in a list of 133 assessed countries in 2008, up three places since 2007. The contribution of travel and tourism to gross domestic product (GDP) is expected to be at 6.0 percent (US\$ 67.3 billion) in 2009 rising to US\$ 187.3 billion by 2019.

According to the Tourism Ministry of India, foreign tourist arrivals (FTAs) during June 2009 were 341,000 as compared to FTAs of 340,000 during the month of June 2008. To accelerate the growth of foreign tourist the ministry is planning to develop three niche products-wellness tourism, caravan tourism and helipad tourism this year.

Hospitality Sector

The hospitality sector is expected to rise to US\$ 275 billion in the next 10 years. The domestic hospitality sector is expected to see investments of over US\$ 11 billion in the next two years. According to the world travel and tourism council, the growth in the hospitality industry is pegged at 15% every year, and with 2,00,000 rooms (both luxury and budget) needed in the country, the segment is poised for a stupendous growth.

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

STATUS OF PROJECT :

The work of completion of the project has been going on since June 2007 after restoration of the site on 2nd May, 2007. The Company was granted partial completion cum occupation certificate on 22nd May, 2008. However, the same was withdrawn on 23rd May, 2008 and the hotel site of the company was resumed by the Estate Officer on 23rd May, 2008. The Company had filed a writ petition in the Hon'ble High Court of Punjab & Haryana at Chandigarh, on 24th Feb. 2009 against the orders dated 23rd of May, 2008. The Hon'ble High Court was pleased to quash the order of Estate Officer dated 23rd of May 2008, the copy of the same was received on 24th March, 2009, in which Hon'ble High Court has given eleven and a half month time period to complete the project from the date of receiving of copy of order. Work is in full swing as the civil construction work is completed upto 90% and interior work is also completed upto 70%, the main plant & machinery/equipment have already been received at site & are under installation.

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The Directors are hopeful to complete the project within the prescribed time period given by the Hon'ble High Court.

FINANCIAL PERFORMANCE :

	(Rs. in Lakhs) 2008-09	(Rs. in Lakhs) 2007-08
Income from Lease Rent	---	0.84
Other Income	---	0.68
Total Income	---	1.52
Total Expenditure	1.66	3.41
Depreciation	9.54	1.64
Gross Operating Profit/(Loss) before Tax	(11.20)	(3.53)
Provision for Income Tax	---	0.22
Provision for Fringe Benefit Tax	0.66	---
Surplus/(Deficit)	(11.86)	(3.75)

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. 1509.82 Lakhs from State Bank of India during the financial year ended on 31st March, 2009. The total outstanding dues of bank as on 31st March, 2009 was Rs. 3250.36 Lakhs against the sanctioned Term Loan of Rs.4500.00 Lakhs for the completion of Project.

FIXED ASSETS NET BLOCK :

The Net Block of Fixed Assets has increased from Rs. 2694.26 Lakhs to Rs.2708.48 Lakhs during the financial year ended on 31st March, 2009.

INVESTMENTS :

The Company has not made any investments during the year.

NET CURRENT ASSETS :

The Net Current Assets has increased from Rs. 594.65 Lakhs to Rs.938.02 Lakhs during the current Financial year ended on 31st March, 2009.

RESULTS OF OPERATIONS :

The lease rent income has decreased from Rs. 0.84 Lakhs to Nil. The loss for the year is Rs.11.86 Lakhs as compared to loss of Rs. Rs.3.75 Lakhs in the previous year. Provisions

for financial charges are NIL as compared to Rs. 0.14 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 2009-10 :

The Directors are hopeful for completion and commencement of the project during the financial year 2009-10. The Company is cautiously optimistic about the growth prospectus for the current financial year.

RISKS AND CONCERNS :

As per the order Hon'ble High Court the company is under obligation to complete the project within the prescribed time, failure of which may lead to resumption of site or imposition of financial penalties.

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 cordial. James Hotels Limited key business strategy to empower every employee to be a leader in its stride towards total quality.

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, 2009. The Board consisted of three Promoter Directors and four non executive independent Directors as on 31st March, 2009, 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 Fourteen times during the financial year 2008-09. The Board Meetings were held as on 21st April, 2008, 30th April, 2008, 8th July, 2008, 10th July, 2008, 17th July, 2008, 30th July, 2008, 12th August, 2008, 18th August, 2008, 30th October, 2008, 30th January, 2009, 7th February, 2009, 1st March, 2009, 2nd March, 2009 & 31st March, 2009.

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/Member ship incorporated in India
		Held	Attended			
Mr. Ajmair Singh Bhullar	Promoter & Executive Director	14	11	Yes	-	1 (Member)
Mr. Haravtar Singh Arora	Promoter & Non-Executive Director	14	5	Yes	-	1 (Member)
Mr. Gurmeet Singh	Promoter & Non-Executive Director	14	10	Yes	-	-
Mr. Surjit Singh Gulati	Non-executive & Independent Director	14	0	No	-	-

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Mr. Nar Singh Bedi	Non-Executive & Independent Director	14	12	Yes	-	2(Member)/1 (Chairman)
Mr. Niraj Mohindroo	Non-Executive & Independent Director	14	11	Yes	-	
Mr. Rajesh saini	Non-Executive & Independent Director	14	7	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 30th September, 2009.

Information to be placed before Board of Directors

Among others, this includes:

- * Capital budgets and any updates
- * Quarterly results for the Company.
- * Minutes of meeting of Audit Committee and other Committees of the Board.
- * Show cause, 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 Agreement as well as under the provisions of the Companies Act, 1956. As on 31st March, 2009, the Audit

James Hotels Limited

Committee comprises of Mr Nar Singh Bedi, Mr Rajesh Saini and Mr Ajmair Singh Bhullar (Mr Nar Singh Bedi and Mr Rajesh Saini are Non-Executive and Independent Directors and Mr Ajmair Singh Bhullar is a Promoter Director). Mr Rajesh Saini was a Chairman of the Audit Committee during the financial year ended on 31st March, 2009 having required financial and accounting knowledge. During the financial year 2008-2009, 5(five) meetings of the Audit Committee were held.

Table-2 : Attendance record of audit committee members:

Name of Director	Number of meetings Held	Number of meetings attended
Mr. Rajesh Saini (Chairman)	5	5
Mr. Nar Singh Bedi	5	4
Mr. Ajmair Singh Bhullar	5	3

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 focusing primarily on :
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern 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 etc. 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 concern.
- * 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, 2009. 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 comprises of one promoter director and two non-executive independent directors as on 31st March, 2009. 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, 2009. No requests for transfers were pending for approval as on 31st March, 2009.

6. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time	No. of Special resolutions passed
2007-08	Lajpat Bhawan, sector-15, Chandigarh	18-09-2008	11 A.M	-----
2006-07	Block-10, Sector-17 A, Chandigarh	29-09-2007	11 A.M	1
2005-06	Block-10, Sector-17 A, Chandigarh	29-09-2006	11 A.M	-----

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No Special Resolution was passed in the Annual General Meeting held on 18th September, 2008. There were no Extra Ordinary General Meetings held during the last three years.

b) Postal Ballot

The Company has passed shareholder's resolution through postal ballot during the year under reference to appoint M/s Vasudeva & Associates as the new Auditors of the company instead of M/s P.K.Vasudeva & Co. till the conclusion of this Annual General Meeting. Mr. Kali Sharan Sabhawal, Chartered Accountant, 3306, Sector 24 D, Chandigarh was appointed as the Scrutiniser to conduct the above said postal ballot. Accordingly, the Company's (Postal Ballot) Rules, 2001 are applicable to the Company during the said year, which have been duly complied.

7. DISCLOSURE

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) Listing 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.

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 Express and Jansatta. The same is also submitted to Stock Exchanges under the Listing Agreements.

9. GENERAL SHAREHOLDER'S INFORMATION:

Annual General Meeting:

Date : Wednesday, 30th September, 2009
Time : 11.00 A.M.
Venue : INDIRAHOLIDAY HOME, Sector 24-B, Chandigarh

Financial Calender :

Financial Year : 1st April, 2008 to 31st March, 2009.

For the year ended 31st March, 2009 results were announced on :

First Quarter : 30th July, 2008
Second Quarter : 30th October, 2008
Third Quarter : 30th January, 2009
Fourth Quarter : 29th April, 2009

DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

Pursuant to the Clause 49 of the Listing Agreement with the Stock Exchanges, I, Ajmair Singh Bhullar, Managing Director of James Hotels Limited, declare that all the Board members and senior executives of the company have affirmed their compliance with the code of conduct during the year ended 31st March, 2009.

For James Hotels Ltd.

Sd/-

Ajmair singh Bhullar
(Managing Director)

Date: 22nd July, 2009

Place: Chandigarh

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James Hotels Limited

The Register of Members and Share Transfer Register will remain close from 21st September, 2009 to 30th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.

Dividend Payment Date: Not Applicable

Stock Data:

There was no trading of shares of the Company during the period ended on 31st March, 2009 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, 2009

Category	No. of Shares Held	%age of Shareholding
A Promoters Holding		
1. Indian Promoters	---	---
Foreign Promoters	33,65,430	42.07%
2. Person acting in Relatives/Friends & Associates	8,24,840	10.31%
Sub Total A	41,90,270	52.38%
Non-Promoters Holding		
3 Institutional Investors	---	---
Others		
a Private Corporate Bodies	3,83,200	4.79%
b Indian Public	34,27,030	42.83%
Sub Total B	38,10,230	47.62%
Grand Total A+B	80,00,500	100.00%

James Hotels Limited

Distribution of Shareholding as on 31st March, 2009

No. of Shares holders	No. of holders	% of share share holding	No. of strength(%)	Voting
1 to 500	2393	68.56%	692991	8.67%
501 to 1000	753	21.57%	568500	7.11%
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%	59300	0.74%
5001 to 10000	33	0.95%	242705	3.03%
10001 & above	47	1.35%	5990604	74.88%
Total	3490	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 58.99 % of the paid - capital have so far been dematerialised by investors upto 31st March, 2009.

PAN Requirement

SEBI vide circular dated 27th April, 2007 made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction. In continuation of the same, SEBI by its circular dated 20th May, 2009 has made it mandatory to furnish a copy of PAN card of the transferee to the company/ RTA for registration of transfer of shares of listed companies in physical form and off market/private transactions. Investors are advised to take note of the same.

Registered Office/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

CEO/CFO CERTIFICATION

The Board of Directors
James Hotels Limited
Chandigarh.

We, Ajmair Singh Bhullar, Managing Director and Kuldip Singh, Chief Accounts Officer, of James Hotels Limited on the basis of the review of the financial statements and the cash flow statement for the year ended 31st March, 2009 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the company's Code of Conduct.
4. We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee those deficiencies in the design or operation of such internal controls of which, we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the auditors and the audit Committee:
 - (a) There have been no significant changes in internal control over financial reporting during the year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the company's internal control systems over financial reporting.

Date: 22nd July, 2009
Place: Chandigarh
Date of Book Closers:

Sd/-
Ajmair Singh Bhullar
(Managing Director)

Sd/-
Kuldip Singh
(Chief Accounts Officer)

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, 2009, 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.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentions Listing Agreement.

As per the records of the Company, no investor grievances are pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For VASUDEVA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Sd/
(P.K.VASUDEVA)
PARTNER**

**Place : Chandigarh
Date : 22nd July, 2009**

AUDITOR'S REPORT

The Members,
James Hotels Limited

1. We have audited the attached Balance Sheet of James Hotels Limited as at 31st March, 2009, and the related Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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, (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement of the matters specified in the paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexures referred to 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 those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, are in agreement with the books of account.

James Hotels Limited

- d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
- e) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is, prima facie, disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) 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 subject to note B.8 regarding non provision of depreciation on certain assets, since such assets were, not put to use, 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
- ii) in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For VASUDEVA & ASSOCIATES,
CHARTERED ACCOUNTANTS**

Sd/-

(P.K. VASUDEVA)

PARTNER

Dated: 22nd July, 2009

Place: Chandigarh

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, 2009)

1. In respect of its Fixed Assets :

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, all the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company & the nature of its assets; no material discrepancies were noticed on such physical verification.
 - c) The Company has not disposed off any of its fixed assets during the year.
2. The Company has not taken any loans, secured or unsecured from Companies or firms covered in the register maintained under section 301 of the Companies Act, 1956. However, in respect of unsecured loans taken from two parties (balance outstanding Rs.107,473,234/-) 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.
3. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
5. Based on the audit procedures applied by us and according to the information & explanations given to us, the Company has not entered into any transactions during the year, that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public. Deposits from directors are exempt deposit within the meaning of Section 58A and other relevant applicable provisions of the Companies Act, 1956 & the rules framed thereunder.
7. The Company does not have any formal internal audit system. However, the internal checks and controls, exercised by the management, appear to be adequate for the size and nature of operation of the Company.
- 8. In respect of its Statutory dues :**
- a) According to the information and explanations given to us, the provisions of Employees State Insurance and Provident Fund are not applicable to the Company;

James Hotels Limited

no undisputed amounts in respect of Investor Education and Protection Fund, Income Tax, Wealth Tax, CST/VAT, Custom Duty, Excise Duty, Cess and other applicable statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

- b) As informed, there were no disputed statutory dues which remained unpaid as at 31st March, 2009.
9. The accumulated losses of the Company do not exceed fifty percent of its networth at the end of the financial year. The Company has incurred cash losses during the financial year under review, as well as, in the immediately preceding financial year.
10. According to the information & explanations given to us and on the basis of verification of records, the Company has not defaulted in repayment of dues to the bank.
11. According to 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.
12. According to the information & explanations given to us, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
13. As informed, the Company is not dealing or trading in shares, securities, debentures and other investments.
14. 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.
15. As informed, term loan availed by the Company has been utilised for the purpose for which it was raised.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2009, we report that no significant funds raised on short-term basis have, prima facie, been used for long-term investment by the Company.
17. Based on the 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.
18. 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 VASUDEVA & ASSOCIATES,
CHARTERED ACCOUNTANTS**

Sd/-

**(P.K. VASUDEVA)
PARTNER**

**Dated: 22nd July, 2009
Place: Chandigarh**

James Hotels Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
-Share Capital "A"	80,005,000		80,005,000	
-Share Application Money (pending allotment)	80,300,000		80,300,000	
-Reserves & Surplus "B"	184,748,450	345,053,450	184,748,450	345,053,450
Loan Funds				
-Secured Loans "C"		325,035,728		174,053,804
-Unsecured Loans "D"		107,473,234		90,973,234
TOTAL Rs.		777,562,412		610,080,488
APPLICATION OF FUNDS				
Fixed Assets				
-Gross Block "E"	282,974,760		280,598,509	
-Less: Depreciation	12,127,023		11,172,914	
Net Block	270,847,737		269,425,595	
Capital Work-In-Progress "F"	393,757,962	664,605,699	263,221,937	532,647,532
Current Assets, Loans & Advances				
-Current Assets "G"	50,966,637		15,476,356	
-Loans & Advances "H"	44,226,139		52,460,258	
-Less: Current Liabilities & Provisions "I"	95,192,776		67,936,614	
	1,390,398		8,471,972	
Net Current Assets		93,802,378		59,464,642
Miscellaneous Expenditure (To the extent not adjusted or written off)	19,154,335		17,968,314	
TOTAL Rs.		777,562,412		610,080,488
Significant Accounting Policies & Notes on Accounts "K"				
Schedules referred to above form an integral part of the Balance Sheet.		"AUDITOR'S REPORT" In terms of our attached report of even date. Sd/- For VASUDEVA & ASSOCIATES CHARTERED ACCOUNTANTS Sd/- (P.K. VASUDEVA) PARTNER	Sd/- AJMAIR SINGH BHULLAR (MANAGING DIRECTOR) Sd/- GURMEET SINGH (DIRECTOR) Sd/- SHAVETA SHARMA (COMPANY SECRETARY)	
Dated : 22nd July, 2009				
Place : Chandigarh				

James Hotels Limited

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009

<u>SCHEDULE</u>	<u>For the year ended</u> <u>31st March, 2009</u> Rs.	<u>For the year ended</u> <u>31st March, 2008</u> Rs.
<u>INCOME</u>		
-Income	0	152,243
<u>EXPENDITURE</u>		
-Administrative & Other Expenses "J"	165,842	341,076
Profit/(Loss) before depreciation	(165,842)	(188,833)
Depreciation	954,109	164,397
Profit/(Loss) after depreciation before tax	(1,119,951)	(353,230)
Taxes		22,310
-For current year		
Fringe Benefit Tax	66,070	
Profit/(Loss) after tax	(1,186,021)	(375,540)
Balance brought forward from last year	(17,968,314)	(17,592,774)
Balance carried to Balance Sheet	(19,154,335)	(17,968,314)
Significant Accounting Policies & Notes on Accounts "K"		

Schedules referred to above form an integral part of the Profit & Loss Account.

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

Sd/-
AJMAIR SINGH BHULLAR
(MANAGING DIRECTOR)

For **VASUDEVA & ASSOCIATES**
CHARTERED ACCOUNTANTS

Sd/-
GURMEET SINGH
(DIRECTOR)

Dated : 22nd July, 2009
Place : Chandigarh

Sd/-
(P.K. VASUDEVA)
PARTNER

Sd/-
SHAVETA SHARMA
(COMPANY SECRETARY)

James Hotels Limited

SCHEDULE "A" : SHARE CAPITAL

<u>PARTICULARS</u>	<u>As at 31st March, 2009</u>	<u>As at 31st March, 2008</u>
	Rs.	Rs.
Authorised		
-14,000,000 Equity shares of Rs.10/- each	<u>140,000,000</u>	<u>140,000,000</u>
Issued, Subscribed & Paid up		
-8,000,500 Equity shares of Rs.10/- each, fully paid up	80,005,000	80,005,000
TOTAL Rs.	<u><u>80,005,000</u></u>	<u><u>80,005,000</u></u>

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.	<u><u>184,748,450</u></u>	<u><u>184,748,450</u></u>

SCHEDULE "C" : SECURED LOANS

From Bank		
-State Bank of India	325,035,728	174,053,804
TOTAL Rs.	<u><u>325,035,728</u></u>	<u><u>174,053,804</u></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 9,602 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: Directors	107,473,234	90,973,234
TOTAL Rs.	<u><u>107,473,234</u></u>	<u><u>90,973,234</u></u>

James Hotels Limited

SCHEDULE "E": FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	COST	ADDITIONS/ (ADJUSTMENTS)	TOTAL	AS AT	DURING	TOTAL	W.D.V.	W.D.V.
	AS AT 01.04.2008			01.04.2008	THE YEAR		AS AT 31.03.2008	AS AT 31.03.2009
Land								
-Leasehold	224,717,165	208,750	224,925,915	0	0	0	224,717,165	224,925,915
Building	23,637,598	0	23,637,598	2,896,719	0	2,896,719	20,740,879	20,740,879
Furniture & Fixtures								
-Hotel	11,764,373	388,279	12,152,652	5,439,601	0	5,439,601	6,324,772	6,713,051
-Office	190,719	24,100	214,819	86,915	22,787	109,702	103,804	105,117
Plant & Machinery								
-Machinery	17,653,804	8,700	17,662,504	2,172,161	0	2,172,161	15,481,643	15,490,343
-Equipment	327,255	0	327,255	100,227	31,580	131,807	227,028	195,448
Computers	682,245	122,532	804,777	442,224	137,664	579,888	240,021	224,889
Vehicles								
-Cars	1,625,350	1,623,890	3,249,240	35,067	762,078	797,145	1,590,283	2,452,095
"A" FIGURES FOR CURRENT YEAR:Rs.	280,598,509	2,376,251	282,974,760	11,172,914	954,109	12,127,023	269,425,595	270,847,737
"B" FIGURES FOR PREVIOUS 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

Note: Depreciation on Building including Site Development (Rs. 23,637,598/-), Furniture & Fixtures (Hotel - Rs. 12,152,652/-) & Machinery (Rs. 17,662,504/-), since not put to use, has not been provided during the year.

Dated : 22nd July, 2009

Place : Chandigarh

James Hotels Limited

SCHEDULE "F" : CAPITAL WORK IN PROGRESS

<u>SCHEDULE</u>	<u>As at 31st March 2009</u>		<u>As at 31st March 2008</u>	
	Rs.	Rs.	Rs.	Rs.
Building (Under - construction)		206,802,990		167,716,994
Plant & Machinery (Under - installation)		57,545,940		8,696,939
Miscellaneous Fixed Assets (Under - installation)		9,595,466		8,178,921
Preoperative Expenses (pending capitalisation)				78,629,083
balance brought forward	78,629,083			
Add: Preoperative Expenses for current year	41,184,483	119,813,566		
TOTAL Rs.		393,757,962		263,221,937

SCHEDULE "G" : CURRENT ASSETS

Amount Recoverable				146,804
-Exceeding six months	180,162			
-Others	0	180,162		
Cash & Bank Balances		50,786,475		15,329,552
TOTAL Rs.		50,966,637		15,476,356

SCHEDULE "H" : LOANS & ADVANCES

(Unsecured - considered good)				
Advances recoverable in cash or kind or value to be received.		43,283,896		51,617,582
Taxes				
-Tax deducted at source		160,377		33,358
Prepaid Expenses				
-Insurance		128,164		78,116
Deposits with Government Departments & Other Agencies		653,702		731,202
TOTAL Rs.		44,226,139		52,460,258

James Hotels Limited

SCHEDULE "I" : CURRENT LIABILITIES & PROVISIONS

<u>PARTICULARS</u>	<u>As at 31st March, 2009</u>	<u>As at 31st March, 2008</u>
	Rs.	Rs.
Sundry Creditors		567,941
-For Supplies & Expenses	728,576	
Taxes & Expenses Payable	200,583	335,721
Other liabilities	395,169	7,568,310
Provision		
-For Fringe Benefit Tax	66,070	0
TOTAL Rs.	<u>1,390,398</u>	<u>8,471,972</u>

SCHEDULE "J" : ADMINISTRATIVE & OTHER EXPENSES

Establishment		
-Salaries & Allowances	84,000	208,000
Other Administrative Expenses	75,889	95,118
General Charges	5,953	24,327
TOTAL Rs.	<u>165,842</u>	<u>327,445</u>

**SCHEDULE 'K' Significant Accounting Policies & Notes on Accounts
(Forming part of Accounts)
FOR THE YEAR ENDED 31ST MARCH, 2009**

"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 and the relevant provisions of the Companies Act, 1956.
- Certain indeterminate income & expenditure are accounted for as & when settled.

2. Fixed Assets/Capital Work-in-Progress

- Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation.
- All significant costs relating to acquisition and installation of fixed assets are capitalized.
- Capital Work-in-Progress is stated at the amount expended upto the date of Balance Sheet. Expenses incurred during construction/installation period are included under capital work-in-progress and allocated to relevant fixed assets in the ratio of cost of the respective assets on completion of construction/installation.

3. Depreciation/Amortisation

- Depreciation on fixed assets is provided, on written down value method, as per the rates prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation on additions to fixed assets is calculated on month-end balances.
- Depreciation on assets sold & scrapped, during the year, is provided upto the month in which such fixed assets are sold or scrapped.
- Asset taken on Lease prior to 01-04-2001 are not amortised.

4. Revenue Recognition

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 are not yet applicable.
- Leave Encashment is accounted for on accrual basis.

6. Foreign Currency Transactions

- Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.
- All gains or losses arising due to exchange differences at the time of transaction or settlement are accounted for in the Profit & Loss Account (except those relating to acquisition of fixed assets, which are adjusted in the cost of assets).

7. Borrowing Costs

Borrowing costs which are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of such assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

8. Investments

Current Investments are carried at lower of cost & fair value. Long-term investments are carried at cost. Provision for diminution in value of long term investments is made only, if a decline is other than temporary.

9. Taxes on Income

- Current Tax is determined on the basis of harmonious contextual interpretation of the Income Tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Fringe Benefit Tax is provided based on the value of Fringe Benefits provided or deemed to have been provided.

10. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset 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.

11. Insurance and other claims

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

12. Prior Period Adjustments/Extra-ordinary Items

Prior period adjustments/Extra-ordinary items, having material impact on the financial affairs of the Company, are disclosed separately.

13. 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 or deferred revenue expenditure and amortises such expenditure over a period of upto five years depending on the nature & expected future benefits of such expenditure.

14. Contingent Liabilities

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

"B" Notes on Accounts
1. Contingent Liabilities

	31st March, 2009 (As certified by the mang.) Amount (Rs. in lacs)	31st March, 2008 Amount (Rs. in lacs)
-Claims by suppliers & other parties & counter claims	Nil	Nil
-Disputed statutory claims/evies including those pending in courts	Nil	Nil
-Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	969.05	3163.00

2. a) The Company had filed a writ petition in the Hon'able High Court of Punjab & Haryana for restoration of site. The division bench of the Hon'able High Court of Punjab & Haryana vide its order dated 24th February, 2009 finally decided the case in favour of the Company & clarified that the hotel building should now be completed within a period of eleven and a half months, which shall count from the date of receipt of a copy of the said order. As the copy of the said order has been made available on March 24, 2009, the period of eleven and a half months shall count from the said date.
- b) Securities & Exchange Board of India vide its consent order dated 05th December, 2008 disposed off the proceedings initiated against the Company for violation of the provisions of regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.
3. In the opinion of the Directors, "Current Assets" and "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. The management has informed that Amount Recoverable, Loans & Advances and Sundry Creditors are under reconciliation and subject to confirmation; the said amounts are hopeful of recovery/good for payment therefore provision for bad & doubtful debts / unclaimed balances is not required.
5. Secured Loans: Term Loan (Rs. 325,035,728/-) 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. Fixed Assets :

- Land includes addition of (Rs. 208,750/-) on account of lease rent paid to the Estate Officer, U.T. Chandigarh.
- Capital-Work-in-Progress (Rs. 3937.58 lacs) includes (Rs 1305.36 lacs) incurred, during the year on implementation of Hotel Project. The total expenditure i.e. (Rs.3937.58 lacs) comprises of Building (under construction Rs. 2068.03 lacs), Plant & Machinery and Miscellaneous Fixed Assets (under installation Rs. 575.46 lacs & Rs. 95.95 lacs respectively) and Preoperative Expenses (pending capitalisation Rs. 1198.14 lacs). The said amount will be capitalised on completion of construction/installation

- 7. - The project is still under implementation and the Company intends to capitalise Preoperative Expenses on commencement of commercial operations
- Funds raised for the implementation of hotel project were temporarily deployed & invested in Fixed Deposits with Banks; interest earned (Rs. 778,494/-) has been set off against interest paid (net interest - Rs. 30,723,252/-) has been shown under the head Preoperative Expenses (pending capitalisation).

8. Depreciation/Amortisation :

- Depreciation (Rs. 954,109/-) on Furniture & Fixtures (Office), Equipment, 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.
- Leasehold Land will be amortised, over the remaining period of lease, after the commencement of commercial operations.

- 9. As per the unaudited accounts, published in newspapers the income /expenses were shown as Nil; whereas, the audited Balance Sheet as at 31st March, 2009 shows a loss of Rs. 1,119,951/- (i.e. Administrative Expenses - Rs. 165,842/- & Depreciation - Rs. 954,109/-).

- 10. - The Company has been legally advised that the provisions of Employees State Insurance, Provident Fund, Bonus & Gratuity are not yet applicable.
- Leave Encashment, on the basis of actual computation, is accounted for on accrual basis, during the tenure of Employment, the payment in respect thereof is made by the Company from its own funds as per the past practise consistently followed by the Company.

- 11. - Fringe Benefit Tax, in terms of the circular of Central Board of Direct Taxes, is payable in the year in which the expenditure is incurred irrespective of whether the expenditure is capitalised or not. However, the same expenditure will not be liable to Fringe Benefit Tax again in the year in which it is amortised & charged to profit.
- The exact liability of Income Tax/other statutory dues are indeterminate pending finalisation of assessments.
- The management has informed that the Company has unabsorbed

depreciation and carry forward losses under Tax Laws, in absence of virtual certainty of sufficient future taxable income and non commencement of commercial operations; the deferred tax has not been recognized as a measure of prudence.

12. The Company has not received any communication from any of its suppliers/service providers confirming that they are registered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of any positive confirmation the information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 could not be determined.

13. **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".

14. **Related Party Disclosure**

- Key Management Personnel & their relatives.
All the directors are independent & not related to each other

15. **General:**

- Share Application Money (pending allotment Rs. 80,300,000/-) - shares have not been allotted & statutory period in respect thereof has not yet elapsed.
- Telephones & Communication (Rs. 92,109/-) includes security deposit, with Department of Telecommunication, adjusted against settlement of dues.
- Statutory books, as required under the Companies Act, 1956, are being updated.

16. **Auditor's Remuneration**

	31st March, 2009 AMOUNT (Rs. in lacs)	31st March, 2008 AMOUNT (Rs. in lacs)
-Audit Fee	0.200	0.150
-In other capacity		
Tax matters etc.	0.125	0.165
Total	0.325	0.315

17. **Managerial Remuneration**

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

18. 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.

James Hotels Limited

19. Transactions in Foreign Currency

	31st March, 2009 AMOUNT (Rs. in lacs)	31st March, 2008 AMOUNT (Rs. in lacs)
a) CIF Value of Imports - Air Conditioning Plant (US\$ 390804.13, Sin\$ 35701.78 & Euros 79437.64)	223.07	85.02
b) Expenditure in Foreign currency - Foreign Travel	Nil	0.61
Total	223.07	85.63

20. Figures for previous year have been regrouped/rearranged, where considered necessary.

21. Figures have been rounded off to nearest rupees.

As per our report attached

**VASUDEVA & ASSOCIATES,
CHARTERED ACCOUNTANTS**

**Sd/-
(P.K. VASUDEVA)
PARTNER**

**Sd/-
AJMAIR SINGH BHULLAR
(MANA GING DIRECTOR)**

**Sd/-
GURMEET SINGH
(DIRECTOR)**

**Dated: 22nd July, 2009
Place: Chandigarh**

**Sd/-
SHAVETA SHARMA
(COMPANY SECRETARY)**

James Hotels Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	31st Mar, 2009	31st Mar, 2008
	(Rs. in lacs)	(Rs. in lacs)
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and exceptional items	(11.20)	(3.53)
Adjustment for:		
– Amounts written off	0.00	0.00
– (Surplus)/Loss on sale of Assets	0.00	0.00
– Interest Income	0.00	0.13
– Income Tax	0.00	(0.22)
– Depreciation	9.54	1.64
Operating Profits before working capital changes	(1.66)	(1.98)
Adjustment for:		
– (Increase)/Decrease in Sundry Debtors	(0.33)	1.19
– (Increase)/Decrease in Inventories	0.00	0.00
– (Increase)/Decrease in Loans & Advances	82.34	(520.56)
– Increase/(Decrease) in Current Liabilities	(70.82)	(117.76)
Cash used in Operations	9.53	(639.11)
Interest received/paid	0.00	(0.13)
Direct Taxes paid/(Refund)	0.66	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES	8.87	(639.24)
B CASH FLOW FROM INVESTING ACTIVITIES		
Investment in fixed assets	(1,329.12)	(1,409.37)
Proceeds from sale of fixed assets	0.00	0.00
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,329.12)	(1,409.37)
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	0.00	0.00
Share Application Money	0.00	803.00
Increase/(Decrease) in Secured Borrowings	1,509.82	1,740.54
Increase/(Decrease) in Unsecured Loans	165.00	(543.80)
NET CASH FLOW FROM FINANCING ACTIVITIES	1,674.82	1,999.74
NET CASH INFLOW / (OUTFLOW) DURING THE YEAR (A+B+C)	354.57	(48.87)
CASH & CASH EQUIVALENT AS ON 01.04.2008	153.29	202.16
CASH & CASH EQUIVALENT AS ON 31.03.2009	507.86	153.29
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	354.57	(48.87)

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

FOR AND ON BEHALF OF THE BOARD

For VASUDEVA & ASSOCIATES,
CHARTERED ACCOUNTANTS

Sd/-
P.K. Vasudeva
(Partner)

Sd/-
AJMAIR SINGH BHULLAR
(MANAGING DIRECTOR)

Sd/-
GURMEET SINGH
(DIRECTOR)

Sd/-
SHAVETA SHARMA
(COMPANY SECRETARY)

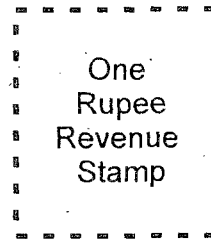
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James Hotels Limited

**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 of as my/our proxy to attend and vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Wednesday, the 30th day of September, 2009 at 11.00 A.M. at Indira Holiday Home, Sector 24-B Chandigarh and at any adjournment thereof.

Name of the Shareholder.....
Client ID No.....
DP ID No.....
Registered Folio No.....
No. of shares held.....
Signed this..... day of..... 2009
Signature.....



Note: The proxy form duly signed across the revenue stamp of one 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 28th Annual General Meeting of the Company to held on Wednesday, the 30th day of September, 2009 at 11.00 A.M. at Indira Holiday Home, Sector 24-B, Chandigarh

.....
Full Name of the Shareholders/Proxy
(IN BLOCK LETTERS)

.....
Signature

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.

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

JAMES HOTELS LIMITED

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