



**ANNUAL REPORT  
2011-2012**



**JAMES HOTELS LIMITED**

The logo graphic consists of a stylized white outline of a roof or a mountain peak, centered above the company name. The name 'JAMES HOTELS LIMITED' is written in a bold, white, outlined, sans-serif font, positioned between two horizontal white lines.

## James Hotels Limited

### BOARD OF DIRECTORS

Mr. Haravtar Singh Arora, Chairman cum Managing Director  
Mr. Ajit Pal Singh  
Mr. Neeraj Mahindroo  
Mr. Daljit Singh Sidhu  
Mr. Amit Julka

### AUDITORS

M/s Vasudeva & Associates  
Chartered Accountant  
SCO-32-35, First Floor,  
Sector-8-C,  
Chandigarh.

### CHIEF ACCOUNTS OFFICER

Mr. Kuldip Singh

### COMPANY SECRETARY

Ms. Puja Sharma

### BANKERS

State Bank of India, Sector 17-B, Chandigarh-160017  
Punjab National Bank, Sector 17-B, Chandigarh-160017  
United Bank of India, Sector-17, Chandigarh.

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## James Hotels Limited

### NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the members of James Hotels Limited will be held on Friday, the 28th day of September, 2012 at 10.00 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, 2012 and Balance Sheet as at that date together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Ajit Pal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Vasudeva & Associates, Chartered Accountants, Chandigarh, the retiring Auditors, of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s Vasudeva & Associates, Chartered Accountants, Chandigarh, the retiring auditors are eligible for re-appointment.

#### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution:  
"RESOLVED THAT Mr. Daljit Singh Sidhu who was appointed as Additional Director of the Company on 29th October, 2011 pursuant to the provision of Section 260 of the Companies Act, 1956 and holds the office upto the date of the Annual General Meeting and in respect of the whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- 5 To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution:  
"RESOLVED THAT Mr. Amit Julka who was appointed as Additional Director of the Company on 26th March, 2012 pursuant to the provision of Section 260 of the Companies Act, 1956 and holds the office upto the date of the Annual General Meeting and in respect of the whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board of Directors  
For JAMES HOTELS LIMITED

Sd/-  
(Puja Sharma)  
Company Secretary

Date : 3rd August, 2012  
Place : Chandigarh



## James Hotels Limited

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT 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, along with 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 shall remain closed from 19th September, 2012 to 28th September, 2012 (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 their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. The members are advised that no gift/gift coupons will be distributed at the Annual General Meeting of the Company.
9. Members/Proxies should bring the Attendance slip sent herewith duly filled in and signed and hand over the same at the entrance of the Hall.
10. The shareholders are requested to bring their copy of Annual Report at the Meeting.

## James Hotels Limited

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

The following Explanatory Statement of the Company set out the material facts relating to the business under Item No. 4 & 5 mentioned in the accompanying Notice dated 3rd August 2012.

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

The Board of Directors at their meeting held on 29<sup>th</sup> October, 2011 appointed Mr. Daljit Singh Sidhu as Additional Director of the Company to hold office upto conclusion of the 31st Annual General Meeting. The Company has received notice together with prescribed deposit, pursuant to section 257 of the Companies Act, 1956 proposing the candidature of Mr. Daljit Singh Sidhu.

The resolution in item 4 is recommended for approval of members. None of the Directors except Mr. Daljit Singh Sidhu is concerned or interested in the resolution.

#### **ITEM NO.5**

The Board of Directors at their meeting held on 26<sup>th</sup> March, 2012 appointed Mr. Amit Julka as Additional Director of the Company to hold office upto conclusion of the 31st Annual General Meeting. The Company has received notice together with prescribed deposit, pursuant to section 257 of the Companies Act, 1956 proposing the candidature of Mr. Amit Julka.

The resolution in item 5 is therefore recommended for approval of members. None of the Directors except Mr. Amit Julka is concerned or interested in the resolution.

### **DISCLOSURE PURSUANT TO CLAUSE 49 IV(G) OF THE LISTING AGREEMENT RELATING TO DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT AT THE ANNUAL GENERAL MEETING.**

<b>NAME OF THE DIRECTORS</b>	<b>Mr. Ajit Pal Singh</b>	<b>Mr. Daljit Singh Sidhu</b>	<b>Mr. Amit Julka</b>
Date of Birth	21.08.1981	15.07.1970	01.02.1971
Date of Appointment	27.08.2010	29-10-2011	26-03-2012
Expertise in specific functional area	Information Technology	Business	Real Estate & Hospitality
Qualifications	M.B.A	Graduation	Graduation
Relationship between Director Inter-s	Nephew of Mr. Haravtar Singh Arora	NIL	NIL
Shareholding in the Company	410455	NIL	NIL
List of Public Companies in which outside Directorship held	NIL	3	NIL

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

Sd/-

(Puja Sharma )  
Company Secretary

Date : 3rd August, 2012  
Place : Chandigarh



## James Hotels Limited

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 31st Annual Report together with the Audited Profit And Loss Account Statement for the year ended on 31st March, 2012 & Balance Sheet as at 31st March, 2012.

#### PRESENT STATUS OF THE PROJECT

The hotels has started commercial operations w.e.f. April 9, 2012, with 82 nos let-table rooms along with Coffee Shop. Gradually, Indian & Chinese Restaurants have also been started along with Banqueting facilities. The balance 56 rooms Bars etc. are presently under various stages of Renovation & Completion. In the guest rooms located at Floor No. 5 & 6 the interior decoration work is pending. Similarly, in the Bar, furniture fittings, interior work is pending. It is expected that the hotel would be fully operational by 31st December, 2012.

#### FINANCIAL RESULTS

	2011-2012 (Rs. in Lakhs)	2010-2011 (Rs. in Lakhs)
Gross Operating Profit/(Loss) before Financial Charges & Depreciation	(4.73)	(3.98)
Depreciation	7.63	10.52
Financial Charges	0.00	0.00
Exceptional Items		
Profit on sale of Fixed Assets	3.67	0.00
Gross Operating Profit/(Loss) before tax	(8.69)	(14.50)
Provision for Income Tax	0.00	0.00
Surplus / (Deficit)	(8.69)	(14.50)

#### DIVIDEND:

During the year 2011-12 the Company has not started Commercial operations, hence your Directors have not recommended any dividend.

#### PUBLIC DEPOSITS:

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

## James Hotels Limited

### **DIRECTORS:**

In accordance with the Companies Act., 1956 read with the Articles of Association of the Company, Mr. Ajit Pal Singh retires from the office of Directorship by rotation and being eligible, offers himself for re-appointment.

During the year Mr. Daljit Singh Sidhu & Mr. Barjesh Duvedi were appointed as Additional Directors on 29th October, 2011 and Mr. Amit Julka as Additional Directors on 26th March, 2012. However, Mr. Barjesh Duvedi resigned on 15th May, 2012 due to personal reasons. Further Mr. Surjit Singh Gulati, Mr. Nar Singh Bedi and Mr. Rajesh Saini resigned from Directorship of the Company.

Your Board recommends the above appointments/reappointments of Directors in the interest of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- i) In preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, 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 records 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 Management Discussion Analysis, Corporate Governance is included in the Annual Report. M/S Aseem Chhabra & Associates, Practising Company Secretary have certified the Company's compliance on the requirement of the Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the report on Corporate Governance.

### **MEANS OF COMMUNICATIONS:**

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

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

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



## James Hotels Limited

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

The Stock Exchange(s) Agreement Clauses, SEBI Guidelines and the applicable Rules / Regulations / Sections of the other Acts are being complied by the Company from time to time during the last three years. Rs. 3.60 Lakhs were paid to BSE as re-instatement fee to revoke the suspension of trading of securities.

### **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 2012-2013. The Company received a certificate from them as required under Section 224(1B) of the Companies Act, 1956. Your Board recommends their appointment for your approval.

### **LISTING WITH STOCK EXCHANGES:**

The Company,s Securities are at present listed at Bombay, Delhi and Ludhiana Stock Exchange. Annual Listing fees have been paid to the Bombay Stock Exchange.

### **INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT :**

Particulars regarding Conservation of Energy, Technology Absorption, Research and Development as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable to your Company.

The Particulars regarding the Foreign Exchange Earnings and Outgo under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given below



## James Hotels Limited

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Rs. (Lakhs)

	31st March, 2012	31st March, 2011
a) CIF Value if Imports	0.00	59.05
Air Conditioning Plant (Euros 11,624.84, US \$ 82,817.55, & GBP 18,383.75)		
- Purchase of Gym Equipments (US \$ 15,212.25)	6.83	0.00
Miscellaneous Fixed Assets (US Dollars \$ 9,150)	Nil	4.26
b) Expenditure in Foreign currency	Nil	Nil
- Foreign Travel		
<b>Total</b>	<b>6.83</b>	<b>63.31</b>

### ACKNOWLEDGEMENT

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

The Board of Directors are pleased to express their sincere thanks to all the investors, shareholders and stakeholders for the faith and confidence they have reposed in the Company.

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

Sd/-

(Haravtar Singh Arora )

Chairman cum Managing Director

Date : 3rd August, 2012

Place : Chandigarh

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE AND DEVELOPMENT:

Tourism industry in India is closely associated with other sectors as well. The associated industries in tourism include transportation, recreational activities, hospitality industry etc. Tourism industry in India also serves as an important platform for providing employment to many. Tourism industry in India has a major impact on the economic set up of the Company.

Indian tourism industry is anticipated to be contributing at least US\$16.3 billion which accounts to a total of approximately 5.4% in the year 2014.

Tourism industry in India provides ample scope for the recruitment of individuals directly in the travel and tourism industry or in other sectors related to the travel and tourism industry. Employment opportunities due to travel and tourism is expected to provide livelihood to as many as 12,441,220 individuals.

The contribution of the tourism industry in India to the GDP or the gross domestic production can be reckoned to be approximately US\$ 25.8 billion in the year 2014.

Indian tourism industry is attaining great heights in this competitive market India boasts of a rich heritage and can be one of address for the holidays markers. Ranging from seas, mountains, deserts, temples, mosques, churches, places and other historical places, to the exquisite cuisine from different areas. The country make, India one of the hot spots for travelling.

### HOTEL INDUSTRY ANALYSIS OF CHANDIGARH

Currently, the hospitality market in Chandigarh is at a very nascent stage. Till last year the only branded hotels were Taj, Sector 17, Chandigarh, KC Royal Park and Golden Tulip, Panchkula started operations in the tricity, while there are number of upcoming hotels which are at various stages of completion.

Today, the unbranded segment constitute more than 70% of the total room inventory in tricity.

Most of the hotels are concentrated in the city centre in Sector 17, near the Secondary Business District (SBD) in Sector 34, Sector 35 and Sector 43 and adjoining cities of Panchkula and Zirakpur. Due to strict building by loss with strict regulation for facade, the room inventory per hotels is very small and at times also hampers the image of the hotels brand. With prohibitive land costs and its extreme scarcity around city centre and SBD's, numbers of budget & misscale hotels projects have been planned in Industrial Area, Phase I & II. Eyeing on the strong economic fundamentals of the city and upcoming international air connectivity, number of branded hotels. in up/ mid scale and budget segments are coming up in Chandigarh. Overall, Chandigarh and its neighbouring towns of Mohali, Panchkula and Chandigarh have total lodging capacity of about 2500 rooms (excluding low end hotels and guest houses).

### PRESENT STATUS

The hotels has started commercial operations w.e.f. April 9, 2012, with 82 nos let-table rooms along with Coffee Shop. Gradually, Indian & Chinese Restaurants have also been started along with Banqueting facilities. The balance 56 rooms Bars etc. are presently under various stages of Renovation & Completion. In the guest rooms located at Floor No. 5 & 6 the interior decoration work is pending. Similarly, in the Bar, furniture fittings, interior work is pending. It is expected that the hotel would be fully operational by 31st December, 2012.



## James Hotels Limited

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

### FINANCIAL PERFORMANCE :

	(Rs. in lakhs) 2011-12	(Rs. in Lakhs ) 2010-2011
Income	0.55	0.00
<b>Total Income</b>	<b>0.55</b>	<b>0.00</b>
<b>Total Expenditure</b>	<b>5.28</b>	<b>3.98</b>
Depreciation	7.63	10.52
Exceptional items Profit on sale of fixed assets	3.67	0.00
Gross Operating Profit/(Loss) before tax	<b>(8.69)</b>	<b>(14.50)</b>
Provision for Income Tax	0.00	0.00
<b>Surplus/(Deficit)</b>	<b>(8.69)</b>	<b>(14.50)</b>

### 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 drawn loans amounting to Rs. 859.91 Lakhs from United Bank of India during the financial year ended on 31st March, 2012 against the sanctioned loan of Rs. 950.00 lakhs. Further Company has repaid of Rs. 400.00 Lakhs to SBI and Rs. 55.00 Lakhs Punjab National Bank during the Financial Year.

### FIXED ASSETS NET BLOCK :

The Net Block of Fixed Assets including Capital Work in Progress from 133,81.00 Lakhs to Rs.141,87.50 Lakhs during the financial year ended on 31st March, 2012.

### INVESTMENTS :

The Company has not made any investments during the year.

### NET CURRENT ASSETS :

The Net Current Assets has increased from Rs. 149.43 Lakhs to Rs. 267.65 Lakhs during the current Financial year ended on 31st March, 2012.

### RESULTS OF OPERATIONS :

The Company has no income during the Year. The loss for the year is Rs.8.69 Lakhs as compared to loss of Rs.14.50 Lakhs in the previous year. The Company cannot recommend dividend due to losses.

### OPPORTUNITY AND THREATS:

#### Opportunity

With the start of international airport in Chandigarh/ Mohali, International network of flights from key feeder market in America, Canada and Europe would be developed, which is the single largest factor having impact on the future growth potential of hospitality industry in Chandigarh.

Most of the hotel properties in Chandigarh are 10-15 years olds, monotonous, having limited facilities with average service quality of so, there is plenty of latent demand for full service brand chain hotels. Above average market penetration rate registered by JW Marriot, Taj and recently opened Homitel (in budget segments) in their very first year of operations is a testimony to this fact.

Chandigarh is the most sought after business destination in north of Delhi due to best quality infrastructure for IT, Iites, Hospitals, Medicals Tourism, Educational Sector and service sector industry with good long term prospects.



## James Hotels Limited

### Threats

Rising competitions in luxury segment. Perceived threats of terrorist attack may impact the foreign tourist arrival in the country having adverse impact on hospitality industry.

Slow growth / threat of economic depression in US and Europe and other developed economies may adversely impact the corporate performance of IT and ITeS industry having direct bearing on hospitality business.

Any climatic / natural disaster/ civil unrest/ instability in political system would be adverse impact on tourist inflow, which would inter-alia affect the profitability of the project.

### 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 there were no commercial operations of Hotel & Restaurant during the current year.

### OUTLOOK FOR 2012-13 :

Chandigarh is Union Territory and capital city of two important states in north India Punjab and Haryana. The city was specifically planned and created in 1953 with the help of French architect Le Corbusier. It has since expanded so that Mohali (in Punjab) and Panchkula (in Haryana), both cities that are conjunct to Chandigarh, are essentially considered a part of Chandigarh ( The Tri-city). Chandigarh is divided into orderly rectangles with sectors specifically outlined for different purposes. Thus, the capital complex located in sector 17 is clearly distinguished from the city center, the city center comprising the main shopping and entertainment areas are set out in sector 17. Several sectors are specifically earmarked for industrial areas, commercial and corporate areas. There is a broad and well planned network of roads connecting the various sectors. Vast green areas and open spaces are intertwined within and between different sectors so as to provide a relaxed and healthy outlook to the city. It may be noted Chandigarh has 3,245 hectares under forests.

A similar development pattern has also been adopted for Mohali and Panchkula so that these appear as extensions of Chandigarh, particularly in relation to the orderly layout and development pattern. The city access and infrastructure is also being further developed in the basis of virtually single co-ordinated territory comprising Chandigarh, Mohali and Panchkula (Tricity)

The forthcoming year is projected to be better for hospitality sector and the hotel industry would see a boost in the income.

### RISKS AND CONCERNS :

The demand for the hotel rooms will be effected with the unfavorable economic changes in domestic as well as global markets, excess room supply, government policies & regulations, interest rates, foreign exchange rates.

The uncertain social political environment would also effect the growth of the hotel industry.

Your company may be impacted by delay in fully completion of the project, which would result in loss of potential revenue. However, the company has taken steps to make hotel fully operational by December 2012

### 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 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.

The Audit 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. Company's key business strategy is to empower every employee to be a leader in its stride towards total quality.

### CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis are based on certain assumption and expectations of future events over which the company exercise no control, the company cannot guarantee their accuracy nor can it warrant that the same will be realised by the company. Actual results could differ materially from those expressed or implied.



## James Hotels Limited

### 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:

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability & commitment. Keeping the same in mind, your Company has always committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standards of corporate values & ethics.

#### 2. BOARD OF DIRECTORS:

##### a) Composition of the Board:

The Board presently consists of Five Directors, consisted of two Promoter Directors and Three Non Executive Independent Directors.

During the year 2011-12, The Board met Eleven times on 29.04.2011, 18.06.2011, 29.07.2011, 28.08.2011, 02.09.2011, 14.10.2011, 29.10.2011, 01.11.2011, 27.12.2011, 06.02.2012 and 26.03.2012. The maximum time gap between any two meetings was not more than four calendar months

The names and category of directors, their attendance at the board meetings, number of directorships and committee memberships held by them in other Companies are given hereunder :

Name	Category	No. of Board Meetings		AGM attendance	No. of other Directorship	No. of other Committee position held	
		Held	Attended			member	chairman
Mr. Haravtar Singh Arora	Promoter & Non-Executive Director	11	11	YES	-	1	-
Mr. Surjit Singh Gulati*	Non-Executive & Independent Director	1	0	No	-	-	-
Mr. Nar Singh Bedi**	Non-Executive & Independent Director	5	0	YES	-	-	-
Mr. Neeraj Mahindroo	Non-Executive & Independent Director	11	11	YES	-	1	1
Mr. Rajesh Saini***	Non-Executive & Independent Director	5	3	YES	-	-	-
Mr. Ajit Pal Singh	Promoter & Independent Director	11	11	YES	-	1	-
Mr. Daljit Singh Sidhu	Non-Executive & Independent Director	5	5	No	3	-	1
Mr. Barjesh Duvedi****	Non-Executive & Independent Director	5	2	No	-	1	-
Mr. Amit Julka	Non-Executive & Independent Director	1	1	No	-	-	-

\* Resigned from the Board w.e.f. 20.05.2011

\*\* Resigned from the Board w.e.f. 01.10.2011

\*\*\* Resigned from the Board w.e.f. 13.10.2011

\*\*\*\* Resigned from the board w.e.f. 15.05.2011

## James Hotels Limited

None of the director is a member in more than 10 (ten) committees or a Chairman in more than 5 (five) such committees, across all companies in which he/she is a director.

### Disclosures regarding appointment and re-appointment of Directors:

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

During the year Mr. Daljit Singh Sidhu & Mr. Barjesh Duvedi were appointed as Additional Directors on 29th October, 2011 and Mr. Amit Julka as Additional Directors 26th March, 2012.

### 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, 2012, the Audit Committee consist of 3 directors, of whom two are Independent Directors. During the financial year 2011-12, 5(five) meetings of the Audit Committee were held

#### The Attendance details for the Committee meetings are as follows :-

Name of the Director	Number of Meetings Held	Number of meetings attended
Mr. Neeraj Mohindroo	5	5
Mr. Barjesh Duvedi	2	0
Mr. Haravatar Singh Arora	5	5
Mr. Rajesh Saini	3	2

Mr. Neeraj Mohindroo is the Chairman of the committee. 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 sets. that may have potential conflict with the interests of Company at large.



## James Hotels Limited

- \* 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.

### **Information to be placed before Board of Directors:**

Audit Committee review with the management the financial statements before submitting to the Board, focusing primarily on:

- \* 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.
- \* 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.

### **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, 2012. Hence, the remuneration committee has not been formed.

### **5.SHAREHOLDER'S/INVESTORS' GRIEVANCE / TRANSFER COMMITTEE:**

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee. The Share Certificates in physical form are generally processed fortnightly and returned within 30 days from the date of receipt, if the documents are proper and valid in all respects. A summary of the transfer / transmission so approved is placed at every Board Meeting. 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 promoter Director and two non-executive independent Directors as on 31st March, 2012. Mr. Daljit Singh Sidhu a non- executive independent Director is Chairman of Shareholder's/Investors' Grievance Committee.

## James Hotels Limited

The company has received the following communication from the shareholders during the period April 2011 to March 2012 and all these were replied/resolved to the satisfaction of the Shareholders.

S. No.	Nature of Request/Complaint	Received	Resolved
1.	Non-receipt of share certificate sent for transfer	1	1
2.	Change of address	12	12
3.	Stop Transfer/Procedure for duplicate share	5	5
4.	Procedure for Transfer /Transmission/Name	3	3
5.	Others	10	10
6.	Complaints received through SEBI	4	3

### 6. GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time	No. of Special resolutions passed
2010-11	Indira Holiday Home, Sector 24-B, Chandigarh	30-09-2010	9 A.M.	NIL
2009-10	Indira Holiday Home, Sector 24-B, Chandigarh	30-09-2010	9 A.M.	NIL
2008-09	Indira Holiday Home, Sector 24-B, Chandigarh	30-09-2009	11 A.M.	NIL

b) No Extra Ordinary General Meetings of the members was held during the year 2011-12

### c) Postal Ballot

Special resolutions were passed through postal ballot during the Year 2011-12.

Sr. No.	Special Resolution Particulars	Results
1	Increase in Authorised Share Capital and Amendment of Memorandum of Association	Passed with 92.65% votes in favour
2	Amendments of Article of Association	Passed with 92.63% votes in favour
3*	Issue of 10% optionally convertible Non Cumulative Redeemable Preference Shares	Passed with 92.61% votes in favour

Sh. Anil K. Aggarwal, Advocate as Scrutinizer conducted the postal ballot exercise.

\* The Hon'ble Company Law Board vide its order no. CP NO. 132(ND)/2011 dated 13<sup>th</sup> December, 2011 kept the resolution of offer, issue and allotment of Preference Shares in abeyance till the final decision of the Company Law Board

d) Whether any special resolution is passed to be proposed to be conducted through postal ballot and the procedure for the same.

If required, shall be conducted as per Law.



**7. DISCLOSURES:**

i) During the year under review, there had not been materially significant party transactions which may be considered 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 and no penalty was levied by these authorities in the last three years except Rs.3.60 Lakhs were paid to BSE. Compliance with mandatory requirements of clause 49 of the Listing Agreements.

ii) **Details of Non Compliance:**

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

1. Late filing of Shareholding Patterns under Clause 35 of the Listing Agreements for the quarter ended June 2011, December 2011 and March 2012.
2. Non Filing of Limited review Reports under Clause 41 of the Listing Agreements for the quarter ended September 2011.
3. Non Filing of Reconciliation of Share Capital under Clause 55 of SEBI, for the quarter ended December 2011 and March 2012.

iii) **Whistle Blower Policy.**

The Company has adopted Whistle Blower Policy and Code of Conduct for Non-Executive Directors, to comply with the provision of the amendment to the Clause 49 of the Listing Agreement.

**8. MEANS OF COMMUNICATION:**

The Quarterly, Half Yearly and Annual Results of the Company's performance are published in leading dailies such as 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	:	Friday, 28th September, 2012
Time	:	10.00 A.M.
Venue	:	INDIRA HOLIDAY HOME, Sector-24-B, Chandigarh

**Financial Calendar:**

Financial Year	:	1st April, 2011 to 31st March, 2012
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**For the year ended 31st March, 2012 results were announced on :**

First Quarter	:	29th July, 2011
Second Quarter	:	1st November, 2011
Third Quarter	:	6 <sup>th</sup> February, 2012
Fourth Quarter	:	15th May, 2012

**Date of Book Closures:**

The Register of Members and Share Transfer Register have remain closed from 19<sup>th</sup> September, 2012 to 28th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.

## James Hotels Limited

**Dividend Payment Date:** Not Applicable

**Listing on Stock Exchanges & Stock Code**

The Company's equity shares 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 is **INE510D01014**. The shares are traded on Bombay Stock Exchange Ltd w.e.f. 29.01.2010.

**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.

**Market Price Date :**

Month	High	Low	Close	Volume
April, 2011	61.90	46.00	53.80	36,200
May, 2011	57.25	46.75	57.10	9,900
June, 2011	59.70	47.20	49.55	13600
July, 2011	77.70	49.50	68.75	72800
Aug., 2011	72.75	57.95	60.90	32400
Sept., 2011	68.75	56.25	60.85	29200
Oct., 2011	62.40	42.60	44.05	3000
Nov., 2011	50.90	40.30	48.90	4400
Dec., 2011	56.35	44.30	54.00	14900
Jan., 2012	52.50	41.05	43.00	13500
Feb., 2012	45.35	36.00	41.95	24100
March, 2012	41.45	38.00	39.50	11200

**Stock Performance :**

**Absolute Returns :**

In Percentage	One Year	Two Year
<b>JAMES HOTEL LTD.</b>	-12.22	-56.31
<b>BSE SENSEX</b>	-10.50	-0.70

**REGISTRATION AND TRANSFER AGENTS**

Share transfers and related operations for James Hotel Limited are conducted by M/s Alankit Assignments Limited having their office at Alankit House 2E/21, Jhandewalan Extension, New Delhi - 110055.

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.



## James Hotels Limited

**Distribution of shareholding:** By ownership, as on 31st March, 2012

	Category	No. of shares Held	%age of Share holding
A	Promoters Holding		
1	Indian Promoters	0	0
	Foreign Promoters	33,65,430	42.07%
2	Person acting in concert		
	Relatives/Friends & Associates	8,24,840	10.31%
	Sub Total	41,90,270	52.38%
B	Non-Promoters Holding		
3	Institutional Investors	0	0
	Others		
a.	Private Corporate Bodies	4,79,900	6.00%
b.	Indian Public	3,330,330	41.62%
	Sub Total	38,10,230	47.62%
	<b>GRAND TOTAL</b>	<b>80,00,500</b>	<b>100%</b>

**Distribution of shareholding as on 31st March, 2012**

No. of Share	No. of holders	% of share holders	No. of share holding	Voting strength (%)
Upto 500	2215	70.36%	6,233,11	7.79%
501 to 1000	630	20.01%	4,753,88	5.94%
1001 to 2000	185	5.88%	2,901,30	3.63%
2001 to 3000	26	0.83%	651,60	0.81%
3001 to 4000	13	0.41%	469,09	0.59%
4001 to 5000	11	0.35%	494,00	0.62%
5001 to 10000	21	0.67%	1,525,79	1.91%
10001 & above	47	1.49%	62,976,23	78.72%
Total	3148	100.00%	8000500	100.00%

**Shares held in physical and dematerialized form:**

The Company's shares are available for Dematerialization on National Securities Depository Limited (NSDL) & Central Securities Depository Limited (CDSL). Shares representing 67.149 % of the paid - capital have so far been dematerialized by investors upto 31st March, 2012

**Investor's Grievances :**

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

**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**

### DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

Pursuant to the Clause 49 of the Listing Agreement with the Stock Exchanges, I Haravtar Singh Arora, 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, 2012.

**For JAMES HOTELS LIMITED**

Sd/-

(Haravtar Singh Arora)

Chairman cum Managing Director

Dated : 3rd August, 2012

Place : Chandigarh

**James Hotels Limited**

**CEO/CFO CERTIFICATION**

The Board of Directors  
James Hotels Limited,  
Chandigarh.

We have reviewed financial statements and cash flow statements for the year April 1st, 2010 to March 31st, 2011 and to the best of our knowledge and belief:

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 31<sup>st</sup> March, 2012 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.

Dated : 3rd August, 2012  
Place : Chandigarh

Sd/-  
(Haravtar Singh Arora)  
Chairman cum Managing Director



James Hotels Limited

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

James Hotels Limited

We have examined the Compliance of conditions of Corporate Governance by James Hotels Limited (the company) for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. Its neither an audit nor an expression of opinion of the financial statement of the Company.

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

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 ASEEM CHHABRA & ASSOCIATES.

Sd/-

(ASEEM CHHABRA )

Practising Company Secretary

CP No. 3113

Place : Chandigarh  
Dated : 3rd August, 2012

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**James Hotels Limited**

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**AUDITOR'S REPORT**

The Members,  
James Hotels Limited,

1. We have audited the attached Balance Sheet of **James Hotels Limited** as at 31<sup>st</sup> March, 2012, the related Statement of Profit & Loss Account and the Cash Flow Statement 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 sub-section (4A) of Section 227 of 'The Companies Act, 1956' we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is Invited to the following points of Note '4' of the financial statements.
  - i) Note 4.4 - the Company has increased Authorised Share Capital Rs. 140,000,000/- to Rs. 520,000,000/- by passing a special resolution dated 14th December, 2011 by way of postal ballot; however, the exact number of Equity Shares & Preference Shares has not been specifically classified.
  - ii) Note 4.9 - non provision of depreciation on certain fixed assets ( under construction/ under installation).
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) 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.
  - iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement, dealt with by this report, are in agreement with the books of account.



## James Hotels Limited

- iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and the 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.
- v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is, prima facie, disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- vi) Subject above comments in paragraph (4) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes annexed thereto, give the information required by 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.
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012.
- b) in the case of the Statement of Profit & Loss, of the loss for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 022239N

Dated : 3rd August, 2012  
Place : Chandigarh

(PIYUSH SINGLA)  
PARTNER  
Membership No. 520263

## James Hotels Limited

(Annexures referred to in paragraph 3 of our report of even date on accounts of James Hotels Limited for the year ended 31<sup>st</sup> March, 2012)

i) **In respect of its Fixed Assets :**

- a) The Company is updating records showing full particulars, including quantitative details and situation of fixed assets.
  - b) According to the information and explanation given to us, some of the fixed assets were physically verified during the year. However, no record evidencing physical verification was shown to us; hence not commented upon.
  - c) The Company did not dispose off substantial part of its fixed assets, during the year.
- ii) The Company has not commenced operations and does not hold any inventories, accordingly clause (ii) of paragraph 4 of the Order is not applicable.
- iii) a) According to the information and explanations given to us, the Company, during the year, has not granted any loan, secured or unsecured, to Companies/firms/other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (b) to (d) of paragraph 4(iii) of the Order are not applicable.
- b) According to the information and explanations given to us, the Company, during the year, has taken unsecured loans (interest free) from five other parties covered in the register maintained under Section 301 of the Companies Act, 1956. (The maximum amounts outstanding during the year were Rs. 3,387.03 lacs and the year end balances were Rs. 287.13 lacs respectively).
- c) According to the information and explanations given to us, the terms and conditions of payment of interest and repayment of principle (though not determined) are *prima-facie*, not prejudicial to the interest of the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an internal control system which does not appear to be commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, some areas have been noticed where the existing internal control system needs to be strengthened.
- v) According to the information and explanations provided by the management, the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered and there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, therefore clause (v) (b) of paragraph 4 of the Order is not applicable.
- vi) According to the information & explanations given to us, the Company has not accepted deposits from the public with in the provision of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- Unsecured loans from promoters were taken in pursuance of stipulations of the Banks.  
Unsecured loans (Rs. 28,713,268/-) from promoters [i.e. Promoters Directors (Rs. 150,251/-) & Others Promoters (Rs. 28,563,017/-)] are exempt deposit, in conformity with the provisions of Section-58A of the Companies Act, 1956 read with Rule 2(b)(xi) of the Companies (Acceptance of Deposits) Rules, 1975.*
- vii) The Company has an internal audit system, the scope and coverage of which, in our opinion, is required to be enlarged to be commensurate with the size and the nature of its business.
- vii) The maintenance of cost records under Section 209(i)(d) of the Companies Act, 1956 is not applicable to the Company.
- ix) **In respect of its Statutory dues :**
- a) According to the information & explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Cess and other material statutory dues, to the extent applicable, have generally been regularly deposited, during the year, by the Company with the appropriate authorities.



## James Hotels Limited

According to the information and explanations given to us, the provisions of Employees State Insurance & Provident Fund are applicable w.e.f. March, 2012.; no undisputed amounts, in respect of Investor Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Cess and other applicable statutory dues were in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax and Cess which have not been deposited with appropriate authorities on account of any dispute.
- x) The accumulated losses of the Company do not exceed fifty percent of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year under audit, as well as, in the immediately preceding financial year.
- xi) *According to the information and explanation given to us and on the basis of verification of records, the company has defaulted in repayments of interest on Term Loans from State Bank of India aggregating to Rs. 10,584,125/- for the months of January, 2012 & February, 2012 and Punjab National Bank Rs. 3,409,094/- for the month of February, 2012.*  
*The Company has also defaulted in repayments of principal amount of Terms Loans from State Bank of India and Punjab National Bank aggregating to Rs. 12,000,000/- and Rs. 1,000,000/- respectively which were due for payment up to March, 2012.*  
The Company has not taken any loan from financial institution.
- xii) 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.
- xiii) According to the information & explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society.
- xiv) According to the information & explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments; accordingly clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- xv) According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us, term loans taken by the Company, have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, the Company, during the year, has not raised any short term funds.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the registered maintained under Section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration No. 022239N

Dated : 3rd August, 2012  
Place : Chandigarh

(PIYUSH SINGLA)  
PARTNER  
Membership No. 520263

## James Hotels Limited

### BALANCE SHEET AS AT 31st MARCH, 2012

	Note	As at 31st March, 2012		As at 31st March, 2011	
		Rs.	Rs.	Rs.	Rs.
<b>EQUITY &amp; LIABILITIES</b>					
<b>Shareholder's Funds</b>					
a) Share Capital	1.1		80,005,000		80,005,000
b) Reserves & Surplus	1.2		161,917,295		162,786,762
<b>Share Application Money</b>					
(pending allotment)	1.3		375,140,000		80,300,000
<b>Non-Current Liabilities</b>					
(a) Long term Borrowings	1.4		708,985,698		958,361,381
(b) Other Long term Liabilities	1.5		5,135,950		4,865,047
<b>Current Liabilities</b>					
a) Trade Payables	1.6		1,031,976		126,070
b) Other Current Liabilities	1.7		115,198,721		167,783,585
		<b>TOTAL Rs.</b>	<b><u>1,447,414,640</u></b>		<b><u>1,454,227,845</u></b>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
a) Fixed Assets	1.8				
(i) Tangible Assets		254,772,848		255,410,424	
(ii) Capital work-in-progress		<u>758,291,252</u>	1,013,064,100	<u>715,074,241</u>	970,484,665
b) Long term Loans & Advances	1.9		11,219,357		95,073,845
c) Other Non-Current Assets	1.10		396,366,678		273,211,983
<b>Current Assets</b>					
a) Cash & Bank Balances	1.11		25,082,661		108,704,142
b) Short Term Loans & Advances	1.9		548,967		6,115,297
c) Other Current Assets	1.12		1,132,877		637,913
		<b>TOTAL Rs.</b>	<b><u>1,447,414,640</u></b>		<b><u>1,454,227,845</u></b>
Significant accounting policies	3				
Other notes to accounts	4				

The notes referred to above form an integral part of the financial statements

**"AUDITOR'S REPORT"**

In terms of our attached report of even date.

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration No. 022239N

Dated : 3rd August, 2012  
Place : Chandigarh

Sd/-  
(PIYUSH SINGLA)  
PARTNER  
Membership No. 520263

Sd/-  
Haravtar Singh Arora  
(Managing Director)

Sd/-  
Neeraj Mohindroo  
(Director)

Sd/-  
Puja Sharma  
(Company Secretary)

Sd/-  
Kuldip Singh  
(Chief Accounts Officer)



## James Hotels Limited

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	NOTE	For the year ended 31st March, 2012 Rs.	For the year ended 31st March, 2011 Rs.
<b>REVENUE</b>			
Other Income	2.1	54,940	0
<b>Total Revenue</b>		<b>54,940</b>	<b>0</b>
<b>EXPENSES</b>			
Employee Benefits Expense	2.2	365,956	245,000
Depreciation and Amortisation Expenses	1.8	763,279	1,052,068
Other Expenses	2.3	161,709	153,094
<b>Total Expenses</b>		<b>1,290,944</b>	<b>1,450,162</b>
Loss before exceptional items		(1,236,004)	(1,450,162)
Exceptional Items			
- Profit on sale of Fixed Assets		366,537	0
Loss before tax		(869,467)	(1,450,162)
Earning per share			
- Basic		(0.11)	(0.18)
Significant accounting policies	3		
Other notes on accounts	4		

The notes referred to above form an integral part of the financial statements

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

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration No. 022239N

Dated : 3rd August, 2012  
Place : Chandigarh

Sd/-  
(PIYUSH SINGLA)  
PARTNER  
Membership No. 520263

Sd/-  
Haravtar Singh Arora  
(Managing Director)

Sd/-  
Neeraj Mohindroo  
(Director)

Sd/-  
Puja Sharma  
(Company Secretary)

Sd/-  
Kuldip Singh  
(Chief Accounts Officer)

## James Hotels Limited

PARTICULARS	As at 31st March, 2012		As at 31st March, 2011	
	Rs.	Rs.	Rs.	Rs.
<b>NOTE 1.1 : SHARE CAPITAL</b>				
<b>Authorised</b>				
-14,000,000 Equity Shares of Rs. 10/- each	140,000,000		140,000,000	
-38,000,000 Equity shares and/or Preference shares of Rs. 10/- each	380,000,000	520,000,000	0	140,000,000
<b>Issued, Subscribed &amp; Paid up</b>				
-8,000,500 Equity Shares of Rs. 10/- each, fully paid up		80,005,000		80,005,000
	<b>TOTAL Rs.</b>	<b>80,005,000</b>		<b>80,005,000</b>
<b>NOTE 1.2 RESERVES &amp; SURPLUS</b>				
<b>Revaluation Reserve</b>				
- balance brought forward		184,147,450		184,147,450
<b>Capital Reserve</b>				
- balance brought forward		601,000		601,000
<b>Loss</b>				
<b>Statement of Profit &amp; Loss</b>				
- Balance brought forward	(21,961,688)		(20,511,526)	
- Add: Net Loss for the year	(869,467)	(22,831,155)	(1,450,162)	(21,961,688)
	<b>TOTAL Rs.</b>	<b>161,917,295</b>		<b>162,786,762</b>
<b>NOTE 1.3 : SHARE APPLICATION MONEY (PENDING ALLOTMENT)</b>				
Balance brought forward		80,300,000		80,300,000
Add : Addition during the year		294,840,000		0
	<b>TOTAL Rs.</b>	<b>375,140,000</b>		<b>80,300,000</b>
<b>NOTE 1.4 : LONG TERM BORROWING</b>				
<b>"A" SECURED</b>				
<b>Term Loans</b>				
- From Banks		680,272,430		670,558,113
<b>"B" Unsecured</b>				
<b>From Promoters :</b>				
- Directors	150,251		135,213,251	
- Others	28,563,017	28,713,268	152,590,017	287,803,268
	<b>TOTAL Rs.</b>	<b>708,985,698</b>		<b>958,361,381</b>

**Notes :**

1. Term Loans from State Bank of India, Punjab National Bank & United Bank of India are secured, pari passu, by first exclusive charge on the entire fixed assets of the Company including equitable mortgage of commercial land (measuring 9,602 sq. yards) and proposed building of hotel at Block No. 10, Sector 17A, Chandigarh, second pari-passu charge on the current assets of the Company and Collateral security, pari-passu, by first charge on 30% share Capital of the Company in the name of Directors already pledged in favour of State Bank of India; the said loans are also secured by personal guarantee of Mr. Ajmair Singh Bhullar and Mr. Haravtar Singh Arora.
2. According to the provisions of Revised Schedule VI; the portion of Long-Term Borrowings, which are due for repayment within twelve months of the reporting date have been classified under the head "Other Current Liabilities"; figures for previous year have been restated.



## James Hotels Limited

PARTICULARS	As at 31st March, 2012 Rs.	As at 31st March, 2011 Rs.
<b>NOTE 1.5: OTHER LONG-TERM LIABILITIES</b>		
Security Deposit	362,000	0
Retention Money	4,773,950	4,865,047
<b>TOTAL Rs.</b>	<u>5,135,950</u>	<u>4,865,047</u>
<b>NOTE 1.6: TRADE PAYABLES</b>		
For Supplies and Service	1,031,976	126,070
<b>TOTAL Rs.</b>	<u>1,031,976</u>	<u>126,070</u>
<b>NOTE 1.7: OTHER CURRENT LIABILITIES</b>		
Current Maturities of long term debts	79,400,000	54,000,000
Interest accrued and due	23,078,029	17,589,177
Expense payable	3,805,644	478,192
Tax deducted at source	123,157	68,833
Other Liabilities	8,791,891	95,647,383
<b>TOTAL Rs.</b>	<u>115,198,721</u>	<u>167,783,585</u>

## James Hotels Limited

### NOTE 1.8 FIXED ASSETS

	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK		
	BALANCE AS AT 01.04.2011	ADDITIONS/ (ADJUSTMENTS)	TOTAL	BALANCE AS DURING THE YEAR AT 01.04.2011	TOTAL	BALANCE AS AT 31.03.2011	BALANCE AS AT 31.03.2012
<b>"A" Tangible Assets</b>							
Land							
-Leasehold Building	224,925,915	0	224,925,915	0	0	224,925,915	224,925,915
Furniture & Fixtures	25,149,238	606,966	25,756,204	2,896,719	0	22,252,519	22,859,485
-Hotel	7,726,982	0	7,726,982	5,439,601	0	2,287,381	2,287,381
-Office	214,819	0	214,819	144,310	12,762	70,509	57,747
Plant & Machinery							
-Machinery & Equipment	5,402,259	0	5,402,259	2,354,560	20,149	3,047,699	3,027,550
-Computers	804,777	52,200	856,977	723,817	34,664	80,960	98,496
-Vehicles	5,221,650	3,597,760	2,476,209	695,704	2,081,486	1,516,274	
		(1,623,890)		(1,090,427)			
<b>TOTAL "A" Rs.</b>	<b>269,445,640</b>	<b>659,166</b>	<b>268,480,916</b>	<b>14,035,216</b>	<b>763,279</b>	<b>255,410,424</b>	<b>254,772,848</b>
		(1,623,890)		(1,090,427)			
<b>"B" Capital Work-in-Progress</b>							
Building							
(under-construction)	475,414,873	12,537,084	487,951,957	0	0	475,414,873	487,951,957
Plant & Machinery							
(under-installation)	141,401,818	22,699,300	164,101,118	0	0	141,401,818	164,101,118
Miscellaneous Fixed Assets							
(under-installation)	98,257,550	7,980,627	106,238,177	0	0	98,257,550	106,238,177
<b>TOTAL "B" Rs.</b>	<b>715,074,241</b>	<b>43,217,011</b>	<b>758,291,252</b>	<b>0</b>	<b>0</b>	<b>715,074,241</b>	<b>758,291,252</b>
<b>"C" FIGURE FOR CURRENT YEAR : Rs.</b>	<b>984,519,881</b>	<b>43,876,177</b>	<b>1,026,772,168</b>	<b>763,279</b>	<b>13,708,068</b>	<b>970,484,665</b>	<b>1,013,064,100</b>
		(1,623,890)		(1,090,427)			
<b>"D" FIGURE FOR PREVIOUS YEAR : Rs.</b>	<b>739,830,353</b>	<b>261,702,698</b>	<b>984,519,881</b>	<b>12,983,148</b>	<b>1,052,068</b>	<b>726,847,205</b>	<b>970,484,665</b>
		(17,013,170)					

**Notes :**

1. Figures in bracket represent sale of car
2. Refer Annexure "1.8-I" for depreciation details.



## James Hotels Limited

PARTICULARS	As at 31st March, 2012		As at 31st March, 2011	
	Rs.	Rs.	Rs.	Rs.
<b>NOTE 1.9 LOANS &amp; ADVANCES</b>				
<b>LONG TERM</b>				
(Unsecured considered good-unless otherwise stated)				
Advances				
For Capital Goods	10,524,655		94,403,143	
Deposits with Government Departments & Other Agencies	694,702	11,219,357	670,702	95,073,845
<b>SHORT TERM</b>				
For Supplies & Expenses	393,039		5,982,351	
Taxes	155,928	548,967	132,946	6,115,297
<b>TOTAL Rs.</b>		<b>11,768,324</b>		<b>101,189,142</b>
<b>NOTE 1.10 OTHER NON CURRENT ASSETS</b>				
Pre-operative Expenses (pending capitalisation)				
- Balance brought forward	273,211,983			2,73,211,983
- Add : Addition during the year	121,254,695	394,466,678		
Unamortised Expenses* (to the extent not written off)		1,900,000		0
<b>TOTAL Rs.</b>		<b>396,366,678</b>		<b>273,211,983</b>
* Represents Fee for increase in Authorised Share Capital				
<b>NOTE 1.11 CASH &amp; BANK BALANCES</b>				
<b>Cash &amp; cash equivalents</b>				
- Cash in hand		5,934,748		1,593,321
- Balances with Banks current accounts		53,148		89,415,573
- Other bank balances				
Balances held as margin money*		19,094,765		17,695,248
<b>TOTAL Rs.</b>		<b>25,082,661</b>		<b>108,704,142</b>
* pledged as security for bank guarantee in favour of Department of Customs				
<b>NOTE 1.12 OTHER CURRENT ASSETS</b>				
Amount Recoverable (Unsecured & considered good-unless otherwise stated)				
- Exceeding six months	180,162		456,757	
- Others	0	180,162	0	456,757
Prepaid Expenses		952,715		181,156
<b>TOTAL Rs.</b>		<b>1,132,877</b>		<b>637,913</b>

## James Hotels Limited

PARTICULARS	For the Year Ended 31st March, 2012 Rs.	For the Year Ended 31st March, 2011 Rs.
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### NOTE 2.1 OTHER INCOME

Interest income

- Income Tax Refund	38,366	0
Others	16,574	0
<b>TOTAL Rs.</b>	<u><u>54,940</u></u>	<u><u>0</u></u>

### NOTE 2.2 EMPLOYEE BENEFITS EXPENSES

Salaries & Allowances	361,579	245,000
Staff Welfare Expenses	4,377	0
<b>TOTAL Rs.</b>	<u><u>365,956</u></u>	<u><u>245,000</u></u>

### NOTE 2.3 : OTHER EXPENSES

Miscellaneous Expenses

- Other Administrative Expenses	78,233	74,337	
- General Charges	<u>18,476</u>	<u>96,709</u>	<u>33,757</u>
Payments to Auditor	65,000	45,000	108,094
<b>TOTAL Rs.</b>	<u><u>161,709</u></u>	<u><u>153,094</u></u>	



**NOTE '3 'SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of Accounting**

The financial statements are prepared under historical cost convention, on accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India and comply with the Accounting Standards (AS) as notified under the Companies (AS) Rules, 2006 and the presentation requirements as prescribed by the Revised Schedule VI of the Companies Act, 1956, to the extent applicable.

**3.2 Prior Period Items/Extra-ordinary Items**

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

**3.3 Depreciation**

- Depreciation on fixed assets is provided, on written down value method, at the rates and in the manner specified in the 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.

**3.4 Revenue Recognition**

Other income is recognised on accrual basis unless otherwise stated.

**3.5 Fixed Assets**

**Tangible Assets**

- Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment of assets, if any.
- Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**Capital Work-in-Progress**

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.

**3.6 Foreign Currency Transactions**

- Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.
- Gains or losses, if any, arising due to exchange differences at the time of transaction or settlement are accounted for in the Statement of Profit & Loss.

**3.7 Investments**

- Current Investments are carried at cost or fair value whichever is lower.
- 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.

**3.8 Employee Benefits**

**Short-term Employee Benefits :**

- Leave Encashment is accounted for on accrual basis.
- Bonus is accounted for at the time of actual payment.

## James Hotels Limited

### Post-Employment Benefits

#### (a) Defined Contribution Plans :

Contributions as required under the Statute/Rule are made to Employees State Insurance & Provident Fund and charged to the Statement of Profit & Loss of the year when the contributions to the funds are due.

#### (b) Defined Benefit Plan :

Gratuity is accounted for at the time of actual payment.

#### Termination Benefits :

Termination benefits are recognised as an expense as and when incurred.

#### 3.9 Borrowing Costs

Borrowing costs which are directly attributable to acquisition, construction or production of qualifying assets 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.

#### 3.10 Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a "straight-line basis".

#### 3.11 Earning Per Share (EPS)

Annualised basic earning per equity share is arrived at based on net profit/(loss) attributable to equity shareholders to the basic weighted average number of equity shares.

#### 3.12 Taxes on Income

- Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets/liabilities, 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.

#### 3.13 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

#### 3.14 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts.

Contingent assets are neither recognised nor disclosed in the financial statements.

#### 3.15 Insurance and other claims

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



## James Hotels Limited

### NOTE - 4 : OTHER NOTES TO ACCOUNTS

- 4.1 a) Estimated amount of capital contracts remaining to be executed and not provided for in the books of account - ` Rs. 1,000 lacs (previous year - Nil).
- b) Contingent Liabilities:
- Claims against the Company not acknowledged as debt - Nil (previous year - Nil).
  - Guarantee (Rs. 14,803,980/-) given by bank in favour of Department of Customs for import of machinery under EPCG licence.
  - Liabilities in respect of Income Tax and Sales Tax have been accounted for on the basis of respective returns filed with the relevant authorities.
- Additional demand, if any, arising at the time of assessments will be accounted for in the year in which assessments are completed.
- 4.2 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.
- 4.3 Party balances, in certain cases, are under reconciliation & subject to confirmation; however the same have been incorporated in the financial statements at the value as per the books of account & are considered hopeful of recovery/good for payment; therefore, provision for bad & doubtful debts/ unclaimed balances is not required.
- 4.4 The Authorised Share Capital of the Company is Rs. 520,000,000/- (Rupees fifty two crores only) divided into 14,000,000 (One crore and forty lacs only) Equity shares of Rs. 10/- each (Rupees ten only) and 3,80,00,000 (Three crores and eighty lacs) Equity and/or Preference Shares of Rs.10/- each (Rupees ten only). Whereas, the proposed allotment is of issue of 10% Optionally Convertible, Non-Cumulative Redeemable Preference Shares on preferential basis; *however, the exact number of Equity Shares & Preference shares has not been specifically classified.*
- 4.5 The Authorised Share Capital of the Company, with consequent amendments in the Memorandum of Association & Articles of Association of the Company, was increased by passing special resolution through postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011.

It was proposed to issue & allot, on preferential basis, 37,514,000 10% Optionally Convertible, Non-Cumulative Redeemable Preference Shares of the face value of Rs. 10/- each for cash at par, to the following promoters of the Company :

Name of the Proposed Allottee	No. of Preference Shares	Percentage of Proposed Allotment
Ajmair Singh Bhullar	18,757,000	50.00%
Haravtar Singh Arora	16,926,300	45.11%
Ajit Pal Singh	1,610,000	4.30%
Paramjit Singh	220,700	0.59%
<b>Total</b>	<b>37,514,000</b>	<b>100.00%</b>

- The object of allotment of 10% Optionally Convertible Non-Cumulative Redeemable Preference Shares, on preferential basis, to the promoters of the Company, has not been adequately disclosed in notice for voting through postal ballot.



## James Hotels Limited

However, it has been mentioned in the said notice that the object of the preferential issue is to comply with the stipulation of State Bank of India to convert unsecured loans of the promoters to share capital by issuing and allotting 37,514,000 (three crores, seventy five lacs & fourteen thousand) 10% Optionally Convertible Non-Cumulative Redeemable Preference Shares to the four promoter directors (i.e. Mr. Ajmair Singh Bhullar, Mr. Haravtar Singh Arora, Mr. Ajit Pal Singh & Mr. Paramjit Singh) and the Company is required to maintain the debt-equity ratio as per bank norms.

- Notice for voting through postal ballot states that the shareholding pattern of post-preferential issue is not ascertainable at this stage; whereas, it is mandatory to disclose shareholding pattern of post-preferential issue, as required under the applicable provisions of rule 73(1)(c) of ICDR Regulation, 2009 (the "Regulation").

- The Company is listed on the Stock Exchange and accordingly, pursuant to the provisions of Clause 24 of the Listing Agreement, has applied for getting 'in principle' approval from the Bombay Stock Exchange for listing of new issue of shares. However, approval of Bombay Stock Exchange is still awaited.

### 4.6 Share Application Money (pending allotment - Rs. 375,140,000/-)

#### A) Balance (As on 01<sup>st</sup> April, 2011 - Rs. 80,300,000/-):

- i) Share Application Money (Rs. 80,300,000/-) had been received consequent to the resolution passed in the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2007 in order to comply with the terms and conditions of the lending Bank as mentioned in para (b) hereunder.
- ii) State Bank of India sanctioned a term loan of Rs. 4,500 lacs to part finance the completion of hotel project (situated at Block No. 10, Sector 17-A, Chandigarh), with a stipulation that the remaining amount (i.e. Rs. 731 lacs) will be contributed by the promoters as Share Capital.
- iii) The Shareholders at the Annual General Meeting held on 29<sup>th</sup> September, 2007 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 promoters of the Company.
- iv) The Company, pursuant to the provisions of Clause 24 of the Listing Agreement, had applied for getting 'in principle' approval of Bombay Stock Exchange (BSE) for listing of new issue of shares. However, BSE had not granted the approval.
- v) *As per the stipulation of the Banks; monies already brought in by the promoters in the form of Share Capital, Share Application Money and Unsecured Loans not to be allowed to be withdrawn. According to the stipulation of the Banks, Share Application Money had not be refunded to the promoters.*

#### B) Received during the year (Rs. 294,840,000/-):

- i) Share Application Money (Rs. 294,840,000/-) has been received consequent to the special resolution (through Postal Ballot) passed by the shareholders of the Company on 14<sup>th</sup> December, 2011 in order to comply with the terms and conditions of the lending Bank as mentioned in para (b) hereunder.
- ii) State Bank of India, while appraising the Company's request for grant of additional term loan in the month of October, 2011, desired that an amount of Rs. 37.53 crores of unsecured loans be converted into Share Application Money, be converted into capital, before the disbursement of proposed additional term loan.



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However, few minority shareholders filed petition (objecting preferential allotment to promoters) with the Company Law Board u/s 397 & 398 of the Companies Act, 1956. The Hon'ble Company Law Board vide its order no. CP NO. 132(ND)/2011 dated 13<sup>th</sup> December, 2011 kept the resolution of offer, issue and allotment of Preference Shares in abeyance till the final decision of the Company Law Board; and the scheduled hearing on 27<sup>th</sup> February, 2012 was adjourned to 01<sup>st</sup> June, 2012 – the matter is subjudiced.

The Company has duly intimated regarding the above mentioned order of the Board to the Principal Stock Exchange (i.e. Bombay Stock Exchange); where the shares of the Company are listed.

### 4.7 Unsecured Loans :

- Unsecured loans from promoters were raised in pursuance of stipulations of the Banks.
- Unsecured loans (Rs. 28,713,268/-) from promoters [i.e. Promoter Directors (Rs. 150,251/-) Promoter
- Others (Rs. 28,563,017/-)] are exempt deposit, inconformity with the provisions of Section 58A of the Companies Act, 1956 read with Rule 2(b)(xi) of the Companies (Acceptance of Deposits) Rules, 1975.
- The Company has not entered into any contractual agreement(s) with the above referred parties with regard to payment of interest & repayment of principle.

### 4.8 The management has informed that:

#### "A" Employee Benefits

##### Short-term Employee Benefits :

- 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 practice consistently followed by the Company.
- Bonus is accounted for at the time of actual payment.

##### Post-Employment Benefits

#### (a) Defined Contribution Plans :

Contributions as required under the Statute/Rule are made to Employees State Insurance & Provident Fund and charged to the Statement of Profit & Loss of the year when the contributions to the funds are due. *Provisions of Employees State Insurance & Provident Fund became applicable to the Company w.e.f. March, 2012.*

(b) Defined Benefit Plan : Gratuity is accounted for at the time of actual payment.

#### "B" Others

- Fixed Assets :

Capital Work-in-Progress (Rs. 7,582.91 lacs) comprises of :

Building (under-construction Rs. 4,879.52 lacs), Plant & Machinery and Miscellaneous Fixed Assets (under-installation Rs. 1,641.01 lacs & Rs. 1,062.38 lacs respectively); *the said amount, on completion of construction/installation will be capitalised to respective assets.*

*The Project is still under implementation and the Company intends to capitalised Pre-operative Expenses on commencement of commercial operations.*

*Funds raised for the implementation of hotel project were temporarily deployed & invested in Fixed Deposits with Banks; Bank Charges & Interest (Rs. 109,471,541/- net of interest earned on fixed deposits (Rs. 1,558,737/-) has been shown under the head Pre-operative Expenses (pending capitalisation).*

- Long-Term Loans & Advances include advances for capital goods (Rs. 10,524,655/- previous year
- Rs. 94,403,143/- shown under the head capital work-in-progress); *the goods will be received in the ensuing year.*
- Unamortised Expenses (Rs. 1,900,000/-) represent fee for increase in authorised share capital (i.e. normal fee for filing of Form-5). As per the policy of the Company it will be amortised over the period of five years.



## James Hotels Limited

### 4.9 Depreciation & Amortisation Expense:

- Depreciation (Rs. 763,279/-) on Furniture & Fixtures (Office), Equipment, Computers & Vehicles has been provided, on written down value method, as per the rates specified in Schedule XIV of the Companies Act, 1956.
- *To ascertain correct amount of profit or loss for the given period & in accordance with the generally accepted accounting principles and the policy consistently followed by the Company, depreciation on other fixed assets (under-construction/under-installation) has not been provided.*

### 4.10 - The Regional Director (NR) (Ministry of Corporate Affairs), vide their letter no. 1425/JDI/2009/12029 dated 01<sup>st</sup> June, 2009; initiated the proceedings for inspection of books of account & other records etc. under Section 209-A of the Companies Act, 1956; the desired information was furnished by the Company vide its letter dated 12<sup>th</sup> June, 2009.

Subsequently, the Regional Director (NR) (Ministry of Corporate Affairs), after conducting the inspection, directing the Company, issued a letter no. 1425/JDI/2009/3194 dated 24<sup>th</sup> August, 2010, to furnish reply/information and explanations on violation of various Sections of the Companies Act, 1956 and other matters. The Company, vide its letter dated 07<sup>th</sup> September, 2010 furnished the requisite information with comments and explanations.

- *The Registrar of Companies, Punjab & Chandigarh on the recommendation of the Regional Director has initiated legal proceedings under Sections 154(2), 211(7), 217(3), and 303(c) of the Companies Act, 1956, against the Company and its Directors in the Court of Hon'ble Chief Judicial Magistrate, Chandigarh; the legal proceedings are pending in the said Court.*

### 4.11 The Company, except the following, has complied with all the clauses of listing agreement entered into with the Stock Exchanges during the financial year ended on 31<sup>st</sup> March, 2012:

- a) *Clause 41 regarding Limited Review Report for the Quarter ended 30<sup>th</sup> September, 2011*
- b) *Clause 35 regarding filing of Share-holding pattern for the Quarters ended 31<sup>st</sup> December, 2011 & 31<sup>st</sup> March, 2012.*
- c) *Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 regarding audit report on reconciliation of the records of dematerialised securities for the quarters ended 31<sup>st</sup> December, 2011 & 31<sup>st</sup> March, 2012.*

### 4.12 The Company Secretary resigned w.e.f. 27<sup>th</sup> December, 2011 thereafter the post remained vacant till 31<sup>st</sup> March, 2012.

### 4.13 List of Shareholders

(holding more than 5% shares of the Company)

Name of the shareholders	No. of shares	Year ended 31 <sup>st</sup> March, 2012		Year ended 31 <sup>st</sup> March, 2011	
		% age of Shareholding	No. of shares	% age of Shareholding	No. of shares
Ajmair Singh Bhullar	2,093,170	26.15%	2,093,170	26.15%	2,093,170
Haravtar Singh Arora	1,272,260	15.90%	1,272,260	15.90%	1,272,260
Ajit Pal Singh	410,455	5.13%	410,455	5.13%	410,455



## James Hotels Limited

### 4.14 Long Term Borrowings

#### Secured :

##### -Term Loans

From State Bank of India (Rs. 4,500 lacs) is repayable in 82 monthly installments with a moratorium period of 37 months as under:

16 monthly installments of Rs. 40 lacs each w.e.f. Dec., 2010 to Mar., 2012

24 monthly installments of Rs. 50 lacs each w.e.f. Apr., 2012 to Mar., 2014

24 monthly installments of Rs. 55 lacs each w.e.f. Apr., 2014 to Mar., 2016

12 monthly installments of Rs. 60 lacs each w.e.f. Apr., 2016 to Mar., 2017

05 monthly installments of Rs. 95 lacs each w.e.f. Apr., 2017 to Aug., 2017

01 monthly installment of Rs. 145 lacs due & payable in Sep., 2017.

From Punjab National Bank (Rs. 2,800 lacs) is repayable in 92 monthly installments with a moratorium period of 12 months as under:

78 monthly installments of Rs. 05 lacs each w.e.f. Apr., 2011 to Sep., 2017

06 monthly installments of Rs. 95 lacs each w.e.f. Oct., 2017 to Mar., 2018

08 monthly installments of Rs. 230 lacs each w.e.f. Apr., 2018 to Nov., 2018.

From United Bank of India (Rs. 950 lacs) is repayable in 84 monthly installments with a moratorium period of 12 months as under:

76 monthly installments of Rs. 01 lacs each w.e.f. Dec., 2012 to Mar., 2019

07 monthly installments of Rs. 109 lacs each w.e.f. Apr., 2019 to Oct., 2019

01 monthly installment of Rs. 111 lacs due & payable in Nov., 2019.

- Interest on all the above term loans is payable on monthly basis.

- Interest accrued & due (Rs. 15,992,296/-) on term loan from State Bank of India includes interest (Rs. 10,584,125/-) for the months of January, 2012 & February, 2012, the said amount remained unpaid at the close of the year.

Interest accrued & due (Rs. 7,085,733/-) on term loan from Punjab National Bank includes (Rs. 3,409,094/-) for the month of February, 2012.

The installments of term loans from State Bank of India and Punjab National Bank aggregating to Rs.12,000,000/- and Rs. 1,000,000/- respectively, due and payable till March, 2012, also remained unpaid.

### 4.15 Borrowing Costs (AS - 16)

Borrowing costs amounting to Rs. 109,471,541/- (net) attributable to construction/installation of fixed assets have been transferred to Preoperative Expenses (pending capitalisation) to be capitalised on commencement of commercial operations. Capitalisation of borrowing costs will cease when essentially all the activities necessary to prepare the qualifying assets for its intended use are completed.

### 4.16 Segment Reporting (AS - 17)

The business operations remained suspended & the Company did not carry on any activity, hence the Company has nothing to report on Accounting Standard - 17 issued by the Institute of Chartered Accountants of India (ICAI).

## James Hotels Limited

### 4.17 Related Party Disclosures (AS-18)

(As certified by the management)

#### a) Related Parties & their relationships:

- i) Key Management Personnel
  - Haravtar Singh Arora (Managing Director)
  - Ajit Pal Singh (Director)
- ii) Relatives of Key Management Personnel
  - Bhupinder Singh
  - Paramjit Singh
  - Gurdit Singh
  - Kanwaljit Singh
- iii) Individuals controlling or having substantial interest
  - Ajmair Singh Bhullar

#### b) Transaction with related parties :

PARTICULARS	NATURE OF TRANSACTION	BALANCE OUTSTANDING AS ON 31.03.2012 Rs. in '000
Key Management Personnel		169,263
Haravtar Singh Arora	Share Application Money	50
	Unsecured Loans	16,100
Ajit Pal Singh	Share Application Money	100
	Unsecured Loans	
- Relatives of Key Management Personnel		600
Bhupinder Singh	Unsecured Loans	
Paramjit Singh	Share Application Money	2,207
	Unsecured Loans	93
- Individuals controlling or having substantial interest		187,570
Ajmair Singh Bhullar	Share Application Money	27,870
	Unsecured Loans	

4.18 Land (Leasehold) was allotted by the Chandigarh Administration to the Company. Accounting Standard - 19 is not applicable in case of "lease agreements to use land".

#### 4.19 Earning Per Share (AS-20)

	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2011
Net Loss	Rs. (869,467)	Rs. (1,450,162)
As per Statement of Profit & Loss		
Weighted Average Number of Equity shares outstanding	No.'s 8,000,500	No.'s 8,000,500
Nominal Value per Equity share	Rs. 10/-	Rs. 10/-
Earning per share		
- Basic	Rs. (0.11)	Rs. (0.18)



## James Hotels Limited

**4.20 Deferred Tax Asset & Liability (AS-22)**

The company has not carried out any commercial operation during the year and due to the existence of carry forward of business losses/unabsorbed depreciation under tax laws and in absence of virtual of certainty of sufficient future taxable income, deferred tax assets as a measure of prudence has not been recognised.

**4.21 Micro, Small & Medium Enterprises**

Based on the information presently available, there are no amounts due to any micro or small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

**4.22 General:**

Statutory books, as required under the Companies Act, 1956, are being updated.

**4.23 Auditor's Remuneration**

	<u>31<sup>st</sup> March, 2012</u>	<u>31<sup>st</sup> March, 2011</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>
	Rs.	Rs.
- Audit Fee	40,000	25,000
- In other capacity		
Taxation Matters	12,500	
Company Law Matters	7,500	15,000
- Reimbursement of expenses	5,000	5,000
<b>Total Rs.</b>	<b>65,000</b>	<b>45,000</b>

4.24 No Managerial Remuneration has been paid during the year in wake of losses incurred by the Company.

4.25 Additional information pursuant to the provisions of paragraph 5 of General Instructions under Part-II of Revised Schedule VI of the Companies Act, 1956 to the extent applicable to the Company.

**Transactions in Foreign Currency**

	<u>31<sup>st</sup> March, 2012</u>	<u>31<sup>st</sup> March, 2011</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>
	(Rs. in Lacs)	(Rs. in Lacs)
CIF value of Imports		
- Capital Goods		
(USD 15,212.25)	6.83	63.31

4.26 Figures for previous year have been regrouped/rearranged, where considered necessary to conform to the current year's presentation.

4.27 Figures have been rounded off to nearest rupee.

In terms of our attached report of even date.

For and on the behalf of Board of Directors

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration No. 022239N

Sd/-  
(PIYUSH SINGLA)  
PARTNER

Membership No. 520263

Dated : 3rd August, 2012  
Place : Chandigarh

Sd/-  
Haravtar Singh Arora  
(Managing Director)

Sd/-  
Neeraj Mohindroo  
(Director)

Sd/-  
Puja Sharma  
(Company Secretary)

Sd/-  
Kuldip Singh  
(Chief Accounts Officer)

## James Hotels Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH, 2012

	CURRENT YEAR 31ST MARCH, 2012 ₹ (in '000)	PREVIOUS YEAR 31ST MARCH, 2011 ₹ (in '000)
<b>"A" CASH INFLOWS</b>		
<b>( I ) FROM OPERATING ACTIVITIES</b>		
a) Profit before tax and extra-ordinary items	0.00	0.00
Adjustments :		
Depreciation and amortisation	0.00	0.00
Amortisation of stock compensation	0.00	0.00
(Gain)/Loss on sale of fixed assets	0.00	0.00
(Gain)/Loss on sale of investments	0.00	0.00
Assets written off	0.00	0.00
Provision/ (Reversal) for doubtful debts and advances	0.00	0.00
Dividend received	0.00	0.00
Interest earned	0.00	0.00
Interest paid/incurred (Net)	0.00	0.00
Profit from operating activities	0.00	0.00
b) Working capital changes :		
Decrease in Inventories	0.00	0.00
Decrease in Trade Receivables	0.00	0.00
Decrease in Short-Term Loans and Advances	5,566.33	0.00
Decrease in Other Current Assets	0.00	0.00
Increase in Other Long-Term Liabilities	270.90	0.00
Increase in Trade Payables	905.91	3,686.79
Increase in Other Current Liabilities	0.00	88,038.36
Increase in Provisions	0.00	0.00
Extraordinary Items		
-Prior Period Adjustments	0.00	0.00
<b>Total "I"</b>	<b>6,743.14</b>	<b>91,725.15</b>
<b>( II ) FROM INVESTING ACTIVITIES</b>		
a) Proceeds from sale of fixed assets	900.00	17,013.17
b) Proceeds from sale of investments	0.00	0.00
c) Realisation of Long-Term Loans and Advances from subsidiaries/ associates/ business ventures	0.00	0.00
d) Decrease in Long-Term Loans and Advances	83,854.49	0.00
e) Decrease in Other Non-Current Assets	0.00	0.00
f) Dividend received	0.00	0.00
g) Interest received	0.00	0.00
<b>Total "II"</b>	<b>84,754.49</b>	<b>17,013.17</b>



## James Hotels Limited

### ( III )FROM FINANCING ACTIVITIES

a) Proceeds from issue of share Capital	0.00	0.00
b) Share application money pending allotment	294,840.00	0.00
c) Capital Subsidy received	0.00	0.00
d) Proceeds from Long-Term Borrowings	0.00	385,548.52
e) Proceeds from Short-Term Borrowings	0.00	0.00
<b>Total "III"</b>	<b>294,840.00</b>	<b>385,548.52</b>
<b>Total cash inflows (I+II+III)</b>	<b>386,337.63</b>	<b>494,286.84</b>

### "B" CASH OUTFLOWS

#### ( I )FROM OPERATING ACTIVITIES

a) Loss from operating activities	869.47	1,450.16
Adjustments :		
Depreciation and amortization	(763.28)	(1,052.07)
Amortization of Stock compensation	0.00	0.00
Gain/(Loss) on sale of fixed assets	366.54	0.00
Assets written off	0.00	0.00
(Provision)/ Reversal for doubtful debts and advances	0.00	0.00
b) Working capital changes :		
Increase in Inventories	0.00	0.00
Increase in Trade Receivables	0.00	0.00
Increase in Short-Term Loans and Advances	0.00	48,807.74
Increase in Other Current Assets	494.96	116.22
Increase in Other Non-Current Assets	123,154.70	0.00
Increase in Deferred Tax	0.00	0.00
Decrease in Trade Payables	0.00	0.00
Decrease in Other Current Liabilities	52,584.86	0.00
Decrease in Provisions	0.00	0.00
c) Direct taxes paid (Net of refunds)	0.00	0.00
<b>Total "I"</b>	<b>176,707.25</b>	<b>49,322.05</b>

#### (II)FROM INVESTING ACTIVITIES

a) Purchase of tangible assets/capital work-in-progress	43,876.18	350,951.00
b) Purchase of intangible assets/assets under development	0.00	0.00
c) Purchase of investments	0.00	0.00
d) Investments in subsidiaries/ associates/ business ventures	0.00	0.00
e) payment of other long-term loans and advances to subsidiaries/associates/ business ventures	0.00	0.00
f) Increase on other long-term loans and advances	0.00	0.00
g) Increase in other non-current assets	0.00	0.00
<b>Total "II"</b>	<b>43,876.18</b>	<b>350,951.00</b>

## James Hotels Limited

Loss from operating activities	69.47	1,450.16
Adjustments:		
<b>(III) FROM FINANCING ACTIVITIES</b>		
a) Redemption of Preference Shares	0.00	0.00
b) Repayment of Long-Term Borrowings	249,375.68	0.00
c) Repayment of Short-Term Borrowings	0.00	0.00
d) Dividends paid (including distribution tax)	0.00	0.00
e) Interest and other finance costs	0.00	0.00
f) Share issue expenses	249,375.68	0.00
<b>Total "III"</b>	<b>469,959.11</b>	<b>400,273.05</b>
<b>Total cash outflows (I+II+III)</b>		
"C" Net (decrease)/Increase in cash and cash equivalents (A - B)	(83,621.48)	94,013.79
Add : Cash and cash equivalents at the beginning of the period	108,704.14	14,690.35
"D" Cash and cash equivalents at the end of the period	25,082.66	108,704.14
<b>Cash and Cash equivalents comprises of</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
	<b>31ST MARCH, 2012</b>	<b>31ST MARCH, 2011</b>
	<b>₹ (in thousand)</b>	<b>₹ (in thousand)</b>
Cash in hand	5,934.75	1,593.32
-Balances with Banks	19,147.91	107,110.82
	<b>25,082.66</b>	<b>108,704.14</b>

**Notes :** 1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 notified under Section 211(3C) of the Companies Act, 1956.

2. Previous year figures have been regrouped/reclassified wherever necessary.

In terms of our attached report of even date.

For and on the behalf of Board of Directors

For VASUDEVA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Registration No. 022239N

Sd/-  
(PIYUSH SINGLA)  
PARTNER  
Membership No. 520263

Dated : 3rd August, 2012  
Place : Chandigarh

Sd/-  
Haravtar Singh Arora  
(Managing Director)

Sd/-  
Neeraj Mohindroo  
(Director)

Sd/-  
Puja Sharma  
(Company Secretary)

Sd/-  
Kuldip Singh  
(Chief Accounts Officer)

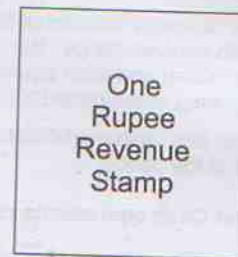


**James Hotels Limited**

**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 31st. Annual General Meeting of the Company to be held on Friday, the 28th day of September, 2012 at 10.00 A.M. at Indira Holiday Home, Sector 24-B, Chandigarh and at any adjournments thereof.

Name of the Shareholder.....  
Client ID No.....  
DP ID No.....  
Registered Folio No.....  
No. of shares held.....  
Signed this.....day of.....2012  
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 31st. Annual General Meeting of the Company to held on Friday, the 28th day of September, 2012 at 10.00 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.

**BOOK POST**

To

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If undelivered please return to:-

**JAMES HOTELS LIMITED**

Regd. Office : Block 10, Sector 17-A,

Chandigarh -160 017