



**ANNUAL REPORT
2012-2013**



JAMES HOTELS LIMITED

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
Mr. Amardeep Singh Brar

AUDITORS

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

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 32nd Annual General Meeting of the members of James Hotels Limited will be held on Monday, the 30th day of September, 2013 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 Statement of Profit & Loss Account for the year ended on 31st March, 2013 and Balance Sheet as on that date together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Neeraj Mahindroo, 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 till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Amardeep Singh Brar who was appointed as an Additional Director of the Company on 30th May, 2013 pursuant to the provision of Section 260 of the Companies Act, 1956 and who holds the office upto the date of the ensuing Annual General Meeting and in respect of 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 : 21st August, 2013
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 21st September, 2013 to 30th September, 2013 (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.

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

ITEM NO. 4

The Board of Directors at their meeting held on 30th May, 2013 appointed Mr. Amardeep Singh Brar as an Additional Director of the Company to hold office upto the conclusion of ensuing 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. Amardeep Singh Brar.

The resolution at Item 4 is recommended for approval of members.

None of the Directors except Mr. Amardeep Singh Brar is concerned or interested in the resolution.

James Hotels Limited

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

Name of the Directors	Mr. Neeraj Mahindroo	Mr. Amardeep Singh Brar
Date of Birth	24.07.1980	14.01.1981
Date of Appointment	20.12.2005	30.05.2013
Expertise in specific functional area	Accounts & Finance	Business
Qualifications	B.Com	MBA
Relationship between Director Inter-se	NIL	NIL
Shareholding in the Company	NIL	NIL
List of public Companies in which outside Directorship held	NIL	NIL
Chairman/Member of the Committee of the Board of Directors of the Company	Member-Nil Chairman-Audit Committee	Member-Audit Committee Chairman-Nil
Chairman/Member of the Committee of the Board of Directors of other public limited Companies in which he /she is a Director		
a) Audit Committee	NIL	NIL
b) Shareholders Committee	NIL	NIL

Note : - Pursuant to clause 49 of the Listing Agreement, only two committees i.e Audit Committee and Shareholders's Committee have been considered

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

Date : 21.08.2013
Place : Chandigarh

Sd/-
(Puja Sharma)
Company Secretary

James Hotels Limited

DIRECTOR'S REPORT

Dear Shareholders,
Your Directors have pleasure in presenting their 32nd Annual report together with the Audited Profit And Loss Account Statement for the year ended on 31st March, 2013 and Balance Sheet as at 31st March, 2013.

PRESENT STATUS OF THE PROJECT

During the period, the number of let-able rooms increased from 82 to 110 and interior work for remaining 28 rooms is in progress. We are hopeful to complete the same by December 2013. Also, the work on Geoffrey Bar and Swimming Pool is near Completion and we are hopeful to put these in commercial use shortly

FINANCIAL RESULTS	2012-2013 (Rs. in Lacs)	2011-2012 (Rs. in Lacs)
Gross Operating Profit/(Loss) before Depreciation & Financial Charges	486.92	(4.73)
Less : Depreciation	490.97	7.63
Less : Financial Charges	149.58	0.00
Add : Exceptional Items		
Profit on sale of Fixed Assets	2.86	3.67
Net Profit/(Loss)	(150.77)	(8.69)

FINANCIAL PERFORMANCE

During the very first year of commencement of commercial operations made on 9th April, 2012 with the rigorous efforts made by the new management, after taking over control and change in management in 2006, the Company earned Gross Operating Profit before Financial Charges and Depreciation of Rs. 486.92 lacs as compared to loss of Rs. 4.73 lacs in the previous year. However, after providing for financial charges and depreciation, the Net loss is Rs. 150.77 lacs as compared to loss of Rs. 8.69 Lacs in the previous year.

DIVIDEND:

During the year 2012-13 the Company incurred a net loss of Rs. 150.77 Lacs, 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.

DIRECTORS

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Neeraj Mahindroo, Independent Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Amardeep Singh Brar was appointed as an Additional Director on 30th May, 2013 in terms of Section 260 of the Companies Act, 1956 and holds office upto the date of ensuing Annual General Meeting. The Company has received a Notice u/s 257 of the Companies Act, 1956 along with requisite deposit. ⑤

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A brief profile of the above Directors, nature of their expertise in specific functional areas, name of Companies in which they hold directorship and/ or membership / Chairmanship of Committees of the respective Boards, shareholding, etc. as stipulated under Clause 49 of the Listing Agreement is given in the Section on Corporate Governance Report forming part of this Annual Report.

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

DIRECTOR 'S 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 31st March, 2013, 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:

The Report of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of this Annual Report. A Certificate from Practising Company Secretary conforming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of this Annual Report.

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, except delay in publication in one quarter.

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

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

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

The Stock Exchange(s) Agreement Clauses, SEBI Guidelines and the applicable Rules / Regulations / Sections of the other Acts are being complied by the Company from time to time during the last three years. The company paid Rs. 3.60 Lacs 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.

AUDITOR'S REMARKS AND BOARD'S COMMENTS

The Board of Directors comments on remarks given in Auditor's Report and referred Notes on Accounts are as follows:

Auditor's Remarks	Board's Comments
1. The Company has increased authorized share capital 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.	The classification of shares is not mandatory as per Table A of the Schedule I of the Companies Act, 1956 and this has no effect on the financials of the Company.
2. Non-provision of depreciation on certain fixed assets (under-construction/ under-installation)	The fixed assets on which depreciation was not charged are part of the a) Building (under construction Rs. 256,130,069) b) Plant & Machinery and Miscellaneous fixed assets (under installation Rs. 17,496,913 & Rs.62,291,003 respectively.) Hence, no depreciation was charged on these assets.
3. Non-payment of fee for increase in authorized share capital.	The matter is kept in abeyance as it is pending before the Hon'ble Company Law Board
4. Appointment of Company Secretary under section 383A of the Companies Act, 1956.	The Company couldn't find suitable candidate during short period. However, the company appointed whole time company secretary on 01.07.2012 to comply with the provisions of Section 383A of the Companies Act. 1956

AUDITORS

M/s Vasudeva & Associates, Chartered Accountants, Chandigarh, hold office until the conclusion of the ensuing Annual General meeting and are eligible for re-appointment. The Company has received a letter from M/s Vasudeva & Associates, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified from such appointment in terms of Section 226 of the Companies Act, 1956. Your Board recommends their appointment for your approval.

QUALITY

The Hotel unit is complying with Food Safety Management Systems, by availing a Food Licence under the Food Safety and Standards Act, 2006, and is maintaining the desired norms in Foods & Beverage operations.

LISTING WITH STOCK EXCHANGES:

The Company's Securities are at present listed at Bombay, Delhi and Ludhiana Stock Exchange. The 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 : ENERGY CONSERVATION

a) Energy Conservation Measures Taken

The Business Unit has made efforts to improve energy usage efficiencies and increase contributions from renewable sources of energy. Some of the measures adopted by the Company are as follows :

1. Improvement in energy usage efficiencies of lighting systems by changing over to higher efficiency lighting solutions such as Light Emitting Diodes and increased daylight harvesting systems.
2. Reduction in lighting and air conditioning loads by installation of automated controls & sensors.
3. Installation of solar based power plants in the unit.
4. Install variable frequency drives to match output drives to changing load patterns and thereby optimize energy consumption.
5. Reuse of STP water for the gardening purpose.

Energy conservation measures taken have resulted in savings in energy costs and helped partially offset the inflationary trend in fuel/ electricity.

b) Power and Fuel Consumption:

1. Electricity:-	
a) Purchased Units (KWH in Lakhs)	21.66
Total Amount (Rs. In Lakhs)	119.68
Rate per Unit (Rs.)	5.50
b) Own Generation through Diesel Generator	
Units (KWH in Lakhs)	0.33
Units/ Litre of Diesel Oil	0.10
Cost / Unit (Rs.)	13.60
2. Coal:-	
Quantity (KG)	26151
Total Cost (Rs.)	627624
Average Rate (Rs. Per KG)	24
3. LP Gas:-	
Quantity(MT)	28
Total Cost (Rs. In Lakhs)	22.18
Rate per Tonne(Rs. Per MT)	79201

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

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FOREIGN EXCHANGE EARNINGS AND OUTGO

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 :

	Rs. (Lacs)	
	31st March, 2013	31st March, 2012
EARNING		
a) Earning in Foreign Currency		
-Room rent, Banquets and other income (USD 221,293.36)	120.19	Nil
Total Earning	120.19	Nil
EXPENDITURE & OUTGO		
a) CIF Value of Imports		
- Purchase of Gym Equipments (USD 15,212.25)	0.00	6.83
b) Expenditure in Foreign currency		
- Royalty (USD 21,090.75)	11.56	Nil
Total Expenditure & Outgo	11.56	6.83

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 : 21st August, 2013
Place : Chandigarh

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

The Indian economy slowed down to an eight year low in the Year 2012-13 resulting from slow growth in the global economy, volatile economic scenario in the Euro-zone and high inflation scenario which kept the cost of funds high, thus slowing down the roll-out of big infrastructure projects.

However, economists are of the opinion that India's worst economic slowdown in a decade has bottomed out and growth is expected to pick up to 6.4 % in the current fiscal year. In terms of world economy, the global economic growth rate reduced to 3.5% in 2012 compared to 4% in 2011.

The problem of fiscal deficits in the developed countries is stemming from the enlarged government debt and instability of the financial markets. Due to this, the economic growth in developed countries was moderate at around less than 2% and that in emerging economies at less than 6%.

The situation in India mirrored this global trend. India's growth rate fell to 5.5% driven by lower industrial production in core sectors, slow internal investment, reduced urban consumption and high inflation.

While there is currently little room for monetary easing, the prerequisite for a full economic recovery would be an upturn in the world economy as well as accelerated investment in the economy and recovery in domestic production based on progress on economic reform.

HOSPITALITY AND TOURISM INDUSTRY

After reeling under a downturn for almost 2 years, 2012 was a year that brought a ray of hope for the Indian hospitality industry following rise in foreign tourist arrivals and domestic travellers in large numbers to explore the country's attractive destinations. The World Travel and Tourism Council forecasts a modest 2% to 4% increase in international tourist volumes in 2013. Furthermore, with the increased supply of hotel rooms, prospects for the year 2013 are subdued for the Indian hospitality sector.

A little earlier, globalization meant that hotel brands from highly developed nations expanded into developing nations, whether through master franchises or by acquiring local firms. Now, Globalization is flowing in reverse direction, as brands from developing nations are expanding to developed nations.

Chandigarh is the first planned modern city of India. Earlier, the hotels in the city have catered to the bureaucrats visiting the city for official purposes as well as transit tourists heading towards hilly areas near Chandigarh. But now, the scenario has changed due to international flights operating from Chandigarh and the growth in IT Industry in and around the city. The important factors which have contributed to the economic growth in the city are economic reforms, liberal government policies and growth of IT sector. The city is continuously witnessing additions in hotel room inventory due to big brands opening their units in Chandigarh and surrounding areas.

PRESENT STATUS

During the year under review, the number of let-able rooms increased from 82 to 110 and interior work for remaining 28 rooms is in progress. We are hopeful to complete the same by December 2013. Also, the work on Geoffrey Bar and Swimming Pool is near completion and we are hopeful to put these in commercial use shortly.

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FINANCIAL PERFORMANCE :

	(Rs. in lacs) 2012-13	(Rs. in Lacs) 2011-2012
Revenue	1796.01	0.55
Total Revenue	1796.01	0.55
Total Expenditure	1458.67	5.28
Depreciation	490.97	7.63
Exceptional items Profit on sale of fixed assets	2.86	3.67
Net Profit/ (Loss) before tax	(150.77)	(8.69)
Provision for Income Tax	0.00	0.00
Surplus/(Deficit)	(150.77)	(8.69)

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:

As the project of the Company was not fully operational, Company faced difficulty in repayment of existing term loan and interest of the lenders/ Banks. SBI & PNB upon request of the Management restructured the term loan and also converted outstanding interest into FITL i.e SBI restructured the term loan of Rs. 39.80 crore and converted outstanding interest to FITL of Rs. 7.67 crore. PNB restructured the term loan of Rs. 27.29 crore and converted outstanding interest to FITL of Rs. 3.38 crore. Further, PNB sanctioned additional term loan of Rs. 3.40 crore and United Bank of India has sanctioned an additional term loan of Rs. 2 crore.

FIXED ASSETS NET BLOCK :

The Net Block of Fixed Assets including Capital Work in Progress from Rs. 101,30.64 Lacs to Rs. 148,35.21 Lacs during the financial year ended on 31st March, 2013.

INVESTMENTS :

The Company has not made any investments during the year.

NET CURRENT ASSETS :

The Net Current Assets has increased from Rs. 267.65 Lacs to Rs. 506.25 Lacs during the current Financial year ended on 31st March, 2013.

RESULTS OF OPERATIONS :

The Company has earned revenue of Rs. 1796.01 lacs during the Year. The loss for the year is Rs. 150.77 Lacs as compared to loss of Rs. 8.69 Lacs in the previous year. The Company can not recommend dividend due to losses.

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OPPORTUNITY AND THREATS:

Opportunity

1. 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.
2. Most of the hotel properties in Chandigarh are 10-15 years old, monotonous, having limited facilities with average service quality. So, plenty of latent demand for full service brand chain hotels.
3. Chandigarh is the most sought after business destination in north of Delhi due to best quality infrastructure for IT, Hospitals, Medicals Tourism, Educational Sector and Service sector industry with good long term prospects.

Threats:

1. Rising competition in luxury segment and increased room inventory in the tri-city.
2. Perceived threat of terrorist attack may impact the foreign tourists arrival in the Country having adverse impact on hospitality industry.
3. Slow growth/ threat of economic depression in US & Europe and other developed economies may adversely impact the corporate performance of IT Industry having direct bearing on hospitality business.
4. Any climatic/ natural disaster/ civil unrest/ instability in political system would have 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.

OUTLOOK FOR 2013-14

The long term outlook for the Indian hospitality industry continues to be positive. According to the World Travel and Tourism Council, demand for travel and tourism in India will grow annually by 8.2% during the period 2010 to 2019. The tourism sector can also be considered as the backbone for allied sectors like hospitality, civil aviation and transport.

India's middle class of 350-500 million people with a growing disposable income to spend on travel is positive for the hotel industry. This confidence is reflected in substantial planned investments in new hotel projects over the next three years. With World tourist arrival expected to increase by 43 million on an average from 2010 to 2030 and FTAs in emerging countries is expected to grow faster than in advanced economies, a goldmine of opportunity in tourism is waiting for India.

RISKS AND CONCERNS

The Risks faced by the Hotel Industry are as follows:

1. Hotel business in general is sensitive to fluctuations in the economy.
2. Since demand for hotels is affected by world economic growth, a global recession could lead to a downturn in the hotel industry.
3. The Hotel industry faces risk from volatile socio-political environment, internationally as well as within the country.
4. The risks and concerns for hotel industry includes security risks also.
5. The other risks faced by the hotel industry includes risk of wage inflation, foreign exchange, project implementation etc.

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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 unauthorized use or disposing and that transactions are authorized, 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 ensure 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 to 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. The Company draws its strength from a highly engaged and motivated workforce. The Company has workforce of 260 employees including 20 contracted workforces.

CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis are based on information available on different web-sites, certain assumptions 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 realized 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 and 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 and ethics.

2. BOARD OF DIRECTORS:

Composition of the Board:

The Board consisted of Five Directors as on 31st March, 2013. The Board comprised of two Promoter Directors and three non-executive independent Directors as on 31st March, 2013.

During the Year 2012-13, the Board met **Six** times on 15.05.2012, 03.08.2012, 15.10.2012, 31.12.2012, 21.01.2013 and 14.02.2013. 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 in respect of Directors during the financial year 2012-13 are given here under :

Name	Category	Board Meeting attendance during tenure of directorship		AGM Attendance	No. of other Directorship in Outside Companies	No. of other Committees position held in Outside Companies	
		Held	Attended			Member	Chairman
Mr. Haravtar Singh Arora	Promoter & Managing Director	6	6	Yes	---	---	---
Mr. Nooraj Mahindroo	Non-Executive & Independent Director	6	6	Yes	---	---	---
Mr. Ajit Pal Singh	Non Executive and non independent Director	6	6	Yes	---	---	---
Mr. Daljit Singh Sidhu	Non-Executive & Independent Director	6	2	Yes	5	---	---
Mr. Amit Julka	Non-Executive & Independent Director	6	6	Yes	---	---	---
Mr. Barjesh Duvedi*	Non-Executive & Independent Director	1	---	N.A.	---	---	---
Mr. Amardeep Singh Brar** (Additional Director)	Non- Executive & Independent Director	N.A.	N.A.	N.A.	---	---	---

* Resigned w.e.f 15.05.2012

** Appointed as Additional Director w.e.f 30.05.2013.

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

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Details of Directors proposed to be appointed/re-appointed

1. Mr. Neeraj Mahindroo, aged 53 years, is B. Com with 30 years of experience in real estate industry. He is specialized in the field of accounts and finance. He is non-executive and independent director in the Company. He is not director in any other Company. He is neither a member nor chairman of any committee in any other Company. He is not holding equity Shares of the Company.

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

2. Mr. Amardeep Singh Brar, aged 32 years, is MBA in Marketing, having 8 years of experience in the field of Real Estate. He is Non- Executive and Independent Director. He is not director in any other Company. He is neither a member nor chairman of any committee in any other Company. He is not holding equity Shares of the Company

Mr. Amardeep Singh Brar was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on 30.05.2013 by the Board of Directors of the Company and holds office upto the date of ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 along with requisite deposit for his candidature of directorship at the ensuing Annual General Meeting.

3. AUDIT COMMITTEE:

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges, an Audit Committee has been constituted to cover the matters specified for Audit Committee under Listing Agreements as well as under the provisions of the Companies Act, 1956. As on 31st March, 2013, the Audit Committee comprised of Mr. Neeraj Mahindroo, Chairman and Mr. Amit Julka, Mr. Haravtar Singh Arora, Members. The Audit Committee was re-constituted on 30.05.2013 and Mr. Amardeep Singh Brar was inducted as Member of the Committee. Mr. Neeraj Mahindroo possesses required financial and accounting knowledge. Chairman of Audit Committee was present at the Annual General Meeting. Ms. Puja Sharma, Company Secretary acted as Secretary of the Committee w.e.f. 01.7.2012.

Meetings Held during the Year

During the financial year 2012-2013, 4(four) meetings of the Audit Committee were held on 15.05.2012, 03.08.2012, 15.10.2012, 14.02.2013.

Attendance Details

Name of Director	Category	Number of meetings Held during membership	Number of meetings attended
Mr. Neeraj Mahindroo (Chairman)	Non Executive and Independent	4	4
Mr. Amit Julka (Member)	Non Executive and Independent	4	4
Mr. Haravtar Singh Arora (Member)	Promoter and Executive	4	4
Mr. Amardeep Singh Brar (Member)*	Non Executive and Independent	N.A.	N.A.

* Member of Committee w.e.f. 30-5-2013

Terms of Reference

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

James Hotels Limited

* 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 of or payment for any other services.

* Reviewing with management the annual financial statements before submission to the Board focusing primarily on:

- Any change in accounting policies and practices.

- Major accounting entries based on exercise of judgment by management.

- Qualifications in draft audit report.

- Significant adjustments arising out of audit.

- The going concern assumptions.

- Compliance with accounting standards.

- Compliance with stock exchange and legal requirements concerning financial statements.

- Any related party transactions i.e transactions of the Company of material nature, with Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

* Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

* Reviewing the adequacy of internal audit function.

* Discussing with internal auditors on any significant findings and follow up there on.

* 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, share holders (in case of non-payment of declared dividends) and creditors.

The details of all significant transactions with related party are periodically placed before the Audit Committee. Related party transactions are disclosed in the Notes to Accounts.

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, when ever 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. There is no Director to whom remuneration is being paid during the financial year ended on 31st March, 2013. Mr. Haravtar Singh Arora, Managing Director was appointed for a period of 5 years w.e.f. 9th April, 2010 without any remuneration. Hence, the remuneration committee has not been formed.

James Hotels Limited

Independent Directors are being paid Sitting Fees of Rs. 10,000/- for each Board Meeting and Rs. 5000/- for each Committee Meetings. The Details of Sitting fees paid (excluding Service tax) to the Independent Directors during the year 2012-13 are as under :

Sr.	Name of Director	Sitting Fee Paid for Rs.	
		Board Meetings	Committee Meetings
1	Mr. Amit Julka	60,000	45,000
2	Mr. Daljit Singh Sidhu	20,000	5,000
3	Mr. Neeraj Mahindroo	60,000	20,000
	Total	140,000	70,000

5. SHAREHOLDER'S/ INVESTOR'S GRIEVANCE COMMITTEE

Composition

The Shareholders / Investor's grievance committee of the Board presently comprises of three Directors namely Mr. Amit Julka (Chairman), Mr. Daljit Singh Sidhu and Mr. Ajit Pal Singh, Members of the Committee. The Committee was reconstituted on 15.10.2012 and Mr. Amit Julka was appointed as Chairman of the Committee in place of Mr. Daljit Singh Sidhu.

Terms of Reference

The Committee, inter alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with transfer of shares of the Company. The Committee also looks into redressal of investors complaints related to transfer of shares, non- receipt of Balance sheet etc. The Committee also oversees the performance of Registrar and Transfer agent of the Company, and recommends measures for overall improvement in investor services. The Committee also monitors implementation and compliance of Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. M/s Skyline Financial Services Private Ltd. has been appointed as Registrar and Transfer Agent w.e.f. 1st November ., 2012.

Meetings

Five meetings of the Shareholders/ Investors Grievance Committee were held during the F.Y 2012-13. The Attendance of each member at the SIGC meeting held during the Year:

Name of Director	Category	Number of meetings Held during membership	Number of meetings attended
Mr. Amit Julka (Chairman)	Non Executive and independent	5	5
Mr. Daljit Singh Sidhu (Member)	Non Executive and independent	5	1
Mr. Ajit Pal Singh (Member)	Promoter and Non-Executive	5	5

The Status of Complaints Received, Replied / Resolved by the Company during the financial year 2012-13 is given below :-

James Hotels Limited

S.No.	Nature of Complaint	Received	Resolved/Replied
1.	Non- receipt of share certificate sent for transfer/ ROC/ SEBI	7	7
2.	Issue of duplicate share certificates	2	2
3.	Transmission of Shares	1	1
4.	Others	3	3
Total		13	13

6. GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time	No. of Special resolutions passed
2011-12	Indira Holiday home, Sector-24-B, Chandigarh	28-09-2012	10 A.M.	NIL
2010-11	Indira Holiday home, Sector-24-B, Chandigarh	30-09-2011	09 A.M.	NIL
2009-10	Indira Holiday home, Sector-24-B, Chandigarh	30-09-2010	09 A.M.	NIL

b) No Extra Ordinary General Meetings of the members was held during the year 2012-13.

c) POSTAL BALLOT

No special resolution was passed through postal ballot during 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through postal ballot.

Details of Special Resolutions passed during the Financial year 2011-12 through Postal Ballot:

Special Resolution Particulars	Results
-Increase in Authorised Share Capital and Amendment of Memorandum of Association	Passed with 92.65% votes in favour
-Amendments of Article of Association	Passed with 92.63% votes in favour
-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. :GP No. 132(ND) / 2011 dated 13.12.2011 kept the resolution of offer, issue and allotment of preference shares in abeyance till the final decision of the Company Law Board.

7. DISCLOSURES

1) 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 Lacs were paid to the BSE

James Hotels Limited

ii) Compliance with mandatory requirements & Details of Non Compliances

There has been no instance of non-compliance with any matter related to capital markets except delay in some period of following cases:

1. Filing of Share holding Pattern under Clause 35 of the Listing Agreement for March 2012 & June 2012
2. Publication of financial results under Clause 41 of listing agreement for March 2013
3. Filing of Reconciliation of Share Capital Audit Report under Clause 55 of the Listing Agreement for March 2012 & June 2012
4. Submission of certificate under Clause 47c of the Listing Agreement for March 2012
5. Payment of listing fee to Bombay Stock Exchange for FY 2012-13.
6. Non appointment of Company Secretary for six months upto 30.06.2012.
7. Corporate Governance Report under Clause 49 of Listing Agreement for March 2012 & June 2012
8. Filing of Annual Return to the ROC for the last two years.

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 SHARE HOLDER'S INFORMATION:

i) Annual General Meeting

Date : Monday, 30th September, 2013
Time : 10.00 A.M.
Venue : INDIRA HOLIDAY HOME, Sector-24-B, Chandigarh

ii) Financial Calendar

Financial Year : 1st April, 2012 to 31st March, 2013

Financial Calendar for the year 2013-14

Results for quarter ending 30th June, 30th September, 31st December	Within 45 days from the end of the quarter
Audited Yearly Results	Within 60 days from the end of the financial year

iii) Date of Book Closures

The Register of Members and Share Transfer Register have remained closed from 21st September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.

iv) Dividend Payment Date: Not Applicable

v) Listing on Stock Exchanges and Stock Code

The Company's equity shares are listed on the Bombay Stock Exchange Limited, Delhi Stock Exchange Limited and Ludhiana Stock Exchange 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.

James Hotels Limited

vi) Market Price Data:

MONTH	OPEN	HIGH	LOW	CLOSE	VOLUME
April, 2012	39.00	51.50	38.50	51.50	9,900
May, 2012	49.00	49.10	39.95	46.00	4,200
June, 2012	43.80	50.80	41.55	48.00	5,650
July, 2012	50.00	57.85	48.00	50.90	10,286
August, 2012	53.35	53.35	42.90	47.05	1,780
Sept., 2012	48.50	48.50	38.50	38.75	2,732
Oct, 2012	40.65	40.65	34.50	36.50	11,980
Nov., 2012	38.20	48.40	38.10	48.40	1,152
Dec., 2012	50.50	50.50	36.50	36.50	2,507
Jan., 2013	35.00	35.00	25.80	27.00	8,619
Feb., 2013	28.35	38.00	28.35	32.90	3,250
Mar., 2013	32.75	33.90	29.00	29.00	8,625

VII) Compliance Officer

Ms Puja Sharma, Company Secretary (w.e.f. 1.7.2012) Contact No. : 0172-6600053

Mr. Kuldeep Singh acted as Compliance officer upto 30.06.2012.

VIII) Registrar and Transfer Agents (RTA)

M/s Alankit Assignments Ltd. was acting as Registrar and Transfer Agent of the Company upto October 2012. The Board of Directors appointed M/s Skyline Financial Services Private Limited as Registrar and Transfer Agent in place of M/s Alankit Assignments Ltd.

IX) Share Transfer System

The Share Certificates in physical form are generally processed daily and transferred within 15 days from the date of receipt, if the documents are proper and valid in all respects. Presently, the share transfer requests lodged with the Company / RTA are processed by Registrar and Transfer Agent (RTA) and approved by Shareholders/ Investors Grievance Committee which meets depending upon the requirement and the minutes of the Committee Meetings are placed regularly at the Board Meeting for their noting. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the stock exchanges and files a copy of the certificate with the stock exchanges.

X) Distribution of share holding - By ownership, as on 31st March, 2013

	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	0	0
	Relatives/ Friends & Associates	8,24,840	10.31%
	Sub Total	41,90,270	52.38%
B.	Non-Promoters Holding		
	Institutional Investors	1100	0.01%
	others		
	a. Private Corporate Bodies	417328	5.22%
	b. Indian Public	3391802	42.39%
	Sub Total	38,10,230	47.62%
	Grand Total	80,00,500	100.00%

James Hotels Limited

Distribution of shareholding as on 31st March, 2013

No. of Share	No. of holders	% of share holders	No. of share holding	Voting strength (%)
1 to 500	2379	76.20%	638402	7.98%
501 to 1000	572	18.32%	418934	5.24%
1001 to 2000	75	2.40%	112750	1.41%
2001 to 3000	20	0.64%	50245	0.63%
3001 to 4000	06	0.19%	21198	0.26%
4001 to 5000	09	0.29%	39038	0.49%
5001 to 10000	12	0.39%	90743	1.13%
10001 & above	49	1.57%	6629190	82.86%
Total	3122	100.00%	8000500	100.00%

XI) 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). Out of total shareholding, 54,48,520 Equity Shares representing 68.10% of the paid-capital have so far been dematerialized by investors up to 31st March, 2013.

XII. Investor's Grievances

The Company has constituted a Shareholder's/Investor Grievance's Committee to look into and redress share holders and investors complaints.

Designated Email Id for handling investors grievances: - csjameshotel@gmail.com

XIII) Registered Office:- Block10, Sector 17-A, Chandigarh-160017

Address for Correspondence :- Block10, Sector 17-A, Chandigarh-160017

XIV) Address for Shares Transfer and related operations

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

Skyline Financial Services Private Limited,
 'D-153A, 1st Floor, Phase-1, Okhla Industrial Area, New Delhi – 110020.'
 Ph: 011-26812683, Fax : 011-26812682, E-mail: admin@skylinerta.com

XV) Code of Conduct

Board of Directors of the Company have laid down a code of conduct applicable for all Board members and Senior Management Personnel of the Company. The code had been circulated to all the members of the Board and Senior Management. In this regard, a declaration by Chairman & Managing Director is reproduced below :

"I, Haravtar Singh Arora, Managing Director of James Hotels Limited, declare that all the Board members and Senior Management Personnel of the Company, to whom the Code of Conduct was applicable, have affirmed their compliance with the code of conduct for the year ended 31st March, 2013

For JAMES HOTELS LIMITED

Sd/-

(Haravtar Singh Arora)

Chairman cum Managing Director

Dated : 21st August, 2013
Place : Chandigarh

James Hotels Limited

CEO/CFO CERTIFICATION

The Board of Directors
James Hotels Limited
Chandigarh.

We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2013 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 there in, of management or an employee having significant role in the company's internal control systems over financial reporting.

Dated : 21st August, 2013
Place : Chandigarh

For JAMES HOTELS LIMITED
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, 2013 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

Place : Chandigarh
Dated : 21st August, 2013

Sd/-
(DINESH BHANDARI)
Practising Company Secretary
CP No. 10300

James Hotels Limited

AUDITOR'S REPORT

The Members
James Hotels Limited.

1. We have audited the accompanying financial statements of **James Hotels Limited** which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
5. *Attention is invited to the following points of Note '4' of the financial statements.*
 - i) *Note 4.2 - 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 4.7 - non-provision of depreciation on certain fixed assets (under-construction/under-installation).*
 - iii) *Note 4.8 - non-payment of fee for increase in authorised share capital*
 - iv) *Note 4.11 - appointment of Company Secretary under Section 383A of the Companies Act, 1956.*
6. Subject to our comments in paragraph (5) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

James Hotels Limited

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
 - (ii) in the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is, *prima facie*, disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Dated : 30th May, 2013
Place : Chandigarh

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

James Hotels Limited

(Referred to in paragraph 7 of our report of even date on accounts of James Hotels Limited for the year ended 31st March, 2013).

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

- a) The records maintained by the Company need to be updated to show full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified by the management, during the year, and no material discrepancies were noticed on such verification.
- c) The Company did not dispose off substantial part of its fixed assets during the year.

ii. **In respect of its Inventories :**

- a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii.

- a) According to the information and explanations given to us, the Company 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 (a) to (d) of paragraph 4(iii) of the Order are not applicable; hence not commented upon.
- b) According to the information and explanations given to us, the Company 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 amount outstanding during the year and the year end balance were Rs. 50,863,268/- & Rs. 42,863,268/- respectively).
- c) According to the information and explanations given to us, the terms and conditions of payment of interest and repayment of principal (though not determined) are *prima-facie*, not prejudicial to the interest of the Company.

iv.

According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and rendering of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any major weakness in the aforesaid internal control system during the year.

v.

According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company.

James Hotels Limited

- vi. According to the information & explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant applicable provisions of the Companies Act, 1956 and the rules framed thereunder. Unsecured loans from promoters were taken in pursuance of stipulations of the Banks. Unsecured loans (Rs. 42,883,263/-) from promoters (i.e. Directors (Rs. 4,650,251/-) & Others (Rs. 38,213,012/-)) are exempt deposit, in conformity with the provisions of Section 58A of the Companies Act, 1956 read with Rule 2(b)(ii) of the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion and according to the information & explanations given to us, the Company has an internal audit system which is commensurate with the size of the Company and nature of its business.
- viii. The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- 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, Excise Duty, Customs Duty, 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.
 - b) According to the information and explanations given to us, no undisputed amounts payable, in respect of Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty, Wealth Tax, Cess and other material statutory dues, were in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable, except as mentioned below:
- | Name of the Statute | Nature of Dues | Amount (Rs.) | F.Y. to which the amount relates |
|---------------------|----------------------|------------------------|----------------------------------|
| | Income Tax Act, 1961 | Tax deducted at source | 100,600 |
| | | | 2012-2013 |
- a) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any disputes.
- 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 not incurred cash losses during the financial year, but has incurred cash losses in the immediately preceding financial year.
- xi. According to the information & explanations given to us and on the basis of verification of records, the Company, during the year, has applied to banks (State Bank of India & Punjab National Bank) for restructuring/rescheduling of defaulted outstanding dues and after considering the request of the Company, the banks have restructured/rescheduled the loans. The Company has defaulted in payment of interest (Rs. 1,179,873/-) on term loan from United Bank of India, for the month of February, 2013, which has been paid in the month of April, 2013. 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 provisions of any special statute applicable to chit funds/night mutual benefit fund societies are not applicable to the Company.

James Hotels Limited

- 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, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- xvii. According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that there is a temporary usage of short-term funds for long-term investment to the extent of Rs. 243.90 lacs.
- xviii. According to the information & explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register 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 issues during the year.
- xxi. According to the information & explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Dated : 30th May, 2013
Place : Chandigarh

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

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

James Hotels Limited

BALANCE SHEET AS AT 31st MARCH, 2013

	Note	As at 31st March, 2013		As at 31st March, 2012	
		Rs.	Rs.	Rs.	Rs.
EQUITY & LIABILITIES					
Shareholder's Funds					
a) Share Capital	1.1		80,005,000		80,005,000
b) Reserves & Surplus	1.2		146,839,859		161,917,295
Share Application Money					
(pending allotment)			375,140,000		375,140,000
Non-Current Liabilities					
(a) Long term Borrowings	1.3		864,683,665		708,985,698
(b) Other Long term Liabilities	1.4		5,295,850		5,135,950
Current Liabilities					
a) Trade Payables	1.5		14,650,710		1,031,976
b) Other Current Liabilities	1.6		60,364,237		115,198,721
		TOTAL Rs.	<u>1,546,979,321</u>		<u>1,447,414,640</u>
ASSETS					
Non Current Assets					
a) Fixed Assets	1.7				
(i) Tangible Assets		1,145,343,752		254,772,848	
(ii) Intangible Assets		2,259,344		0	
(iii) Capital work-in-progress		<u>335,917,985</u>	1,483,521,081	<u>758,291,252</u>	1,013,064,100
(b) Long term Loans & Advances	1.8		10,933,191		11,219,357
© Other Non-Current Assets	1.9		1,900,000		396,366,678
Current Assets					
a) Inventories	1.10		3,115,360		0
b) Trade Receivables	1.11		13,699,648		0
c) Cash & Bank Balances	1.12		24,754,738		25,082,661
d) Short Term Loans & Advances	1.13		8,017,785		1,501,682
e) Other Current Assets	1.14		1,037,518		180,162
		TOTAL Rs.	<u>1,546,979,321</u>		<u>1,447,414,640</u>

Significant accounting policies 3

Other notes to accounts 4

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

Dated : 30th May, 2013
Place : Chandigarh

"AUDITOR'S REPORT"

In terms of our attached report of even date.

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

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

Sd/-
Haravtar Singh Arora
(Managing Director)

Sd/-
Neeraj Mohindroo
(Director)

Sd/-
Puja Sharma
(Company Secretary)

James Hotels Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	NOTE	For the year ended 31st March, 2013 Rs.	For the year ended 31st March, 2012 Rs.
REVENUE			
Revenue from operations	2.1	169,069,201	0
Other Operating Revenue	2.2	9,276,944	0
Other Income	2.3	1,255,062	54,940
Total Revenue		179,601,207	54,940
EXPENSES			
Cost of materials consumed	2.4	34,702,108	0
Employee Benefits Expense	2.5	38,396,927	365,956
Finance Costs	2.6	14,957,988	0
Depreciation and Amortisation Expenses	1.7	49,097,487	763,279
Other Expenses	2.7	57,809,867	161,709
Total Expenses		194,964,377	1,290,944
Loss before exceptional items		(15,363,170)	(1,236,004)
Exceptional Items			
- Profit on sale of Fixed Assets		285,734	366,537
Loss for the year		(15,077,436)	(869,467)
Earning per equity share			
- Basic & Diluted	4.12	(1.88)	(0.11)
Significant accounting policies	3		
Other notes on accounts	4		

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

Dated : 30th May, 2013
Place : Chandigarh

"AUDITOR'S REPORT"

In terms of our attached report of even date.

For VASUDEVA & ASSOCIATES
CHARTERED ACCOUNTANTS
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Sd/-
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Haravtar Singh Arora
(Managing Director)

Sd/-
Neeraj Mohindroo
(Director)

Sd/-
Puja Sharma
(Company Secretary)

James Hotels Limited

PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.

NOTE 1.1 : SHARE CAPITAL

1.1.1 Authorised

-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	380,000,000	520,000,000

1.1.2 Issued, Subscribed & Paid up

-8,000,500 Equity Shares of Rs. 10/- each, fully paid up		80,005,000		80,005,000
TOTAL Rs.		80,005,000		80,005,000

1.1.3 Details of shareholders holding more than 5% equity shares as at year end

a) Equity shares of Rs. 10/- each, fully paid up

Name of the Shareholders	As at 31st March, 2013		As at 31st March, 2012	
	No. of shares	%age of shareholding	No. of shares	%age of shareholding
i) Ajmair Singh Bhullar	2,093,170	26.16	2,093,170	26.16
ii) Haravtar Singh Arora	1,272,260	15.90	1,272,260	15.90
iii) Ajit Pal Singh	410,455	5.13	410,455	5.13
TOTAL	3,775,885	47.19	3,775,885	47.19

1.1.4 Reconciliation of share capital outstanding as at the beginning and at the end of the year

During the current year and in the previous year, there has been no movement in the number of equity shares outstanding.

NOTE 1.2 : RESERVES & SURPLUS

1.2.1 Capital Reserve

-Balance brought forward		601,000		601,000
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1.2.2 Revaluation Reserve

-Balance brought forward		184,147,450		184,147,450
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1.2.3 Loss

Statement of Profit & Loss				
Balance brought forward	(22,831,155)		(21,961,688)	
-Add : Net Loss for the year	(15,077,436)	(37,908,591)	(869,467)	(22,831,155)
TOTAL Rs.		146,839,859		161,917,295

James Hotels Limited

PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
NOTE 1.3 : LONG-TERM BORROWINGS				
1.3.1 Secured				
Term Loans				
-From : Banks	772,558,084		680,272,430	
Funded Interest Term Loans				
-From : Banks	82,121,422		0	
Vehicles Loans				
-From : Bank	1,992,582	856,672,088	0	680,272,430
-Less: Current maturities	24,586,039			
Interest accrued and due	1,178,673			
Interest accrued but not due (refer Note 1.6)	9,086,979	34,851,691	821,820,397	
1.3.2 Unsecured				
From: Promoters		42,863,268		28,713,268
TOTAL Rs.		864,683,665		708,985,698

* exclusive of interest accrued but not due (Rs. 18,637/-) on vehicles loans.

Notes :

1. Term Loans & Funded Term Loans from State Bank of India, Punjab National Bank & United Bank of India are secured, pari passu, by first charge on the entire fixed assets including equitable mortgage of commercial land (measuring 9,602 sq. yards), proposed building of hotel at Block No. 10, Sector 17A, Chandigarh and 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.

2. Vehicle Loans from ICICI Bank are secured against specified vehicles.

NOTE 1.4 : OTHER LONG-TERM LIABILITIES

Security Deposits	512,000	362,000
Retention Money	4,783,85	4,773,950
TOTAL Rs.	5,295,850	5,135,950

NOTE 1.5 : TRADE PAYABLES

For Supplies & Services	14,650,710	1,031,976
TOTAL Rs.	14,650,710	1,031,976

NOTE 1.6 : OTHER CURRENT LIABILITIES

Current Maturities				
Long-term Borrowings	24,586,039		79,400,000	
Interest accrued & due	1,178,673		23,078,029	
Interest accrued but not due (refer Note 1.3)	9,105,616	34,870,328	0	102,478,029
Advance From customers		1,598,012		0
Creditors For Capital Goods		6,723,572		8,636,891
Taxes & Expenses Payable		8,311,974		3,805,644
Tax deducted at source		830,587		123,157
Other Liabilities		8,029,784		155,000
TOTAL Rs.		60,364,237		115,198,721

James Hotels Limited

NOTE 1.8 FIXED ASSETS	GROSS BLOCK		DEPRECIATION/AMORTISATION		NET BLOCK	
	COST AS AT 01.04.2012	ADDITIONS/ (ADJUSTMENTS) TOTAL	BALANCE AS AT 01.04.2012	DURING THE YEAR TOTAL	W.D.V. AS AT 31.03.2012	W.D.V. AS AT 31.03.2013
"A" Tangible Assets						
Land	224,925,915	0	0	0	224,925,915	224,925,915
-Leasehold	25,756,204	571,541,976	2,896,719	8,074,895	22,859,485	586,326,566
Building						
Furniture & Fixtures	7,726,982	126,608,685	5,439,601	8,633,014	2,287,381	120,263,052
-Hotel	214,819	97,281	157,072	24,400	57,747	130,628
-Office						
Plant & Machinery						
-Machinery & Equipment	5,402,259	231,752,350	2,374,709	29,352,965	3,027,550	205,426,935
Office Equipment	0	1,718,948	0	111,583	0	1,607,365
-Computers	856,977	5,012,612	758,481	1,846,966	98,496	3,264,142
-Vehicles	3,597,760	2,658,870	2,081,486	571,729	1,516,274	3,399,149
		(795,000)		(590,734)		
TOTAL "A" Rs.	268,480,916	939,390,722	13,708,068	48,615,552	254,772,848	1,145,343,752
		(795,000)		(590,734)		
"B" Intangible Assets						
Computer Software	0	2,741,279	0	481,935	0	2,259,344
TOTAL "B" Rs.	0	2,741,279	0	481,935	0	2,259,344
"C" Capital Work-in-Progress						
Building under	487,951,957	81,843,830	0	0	487,951,957	256,130,069
construction		(313,665,716)				
Plant & Machinery	164,101,118	3,270,500	0	0	164,101,118	17,496,913
(under-installation)		(149,874,705)				
Miscellaneous Fixed	106,238,177	27,948,736	0	0	106,238,177	62,291,003
Assets (under-installation)		(71,895,910)				
TOTAL "C" Rs	758,291,252	113,063,066	0	0	758,291,252	335,917,985
		(535,436,333)				
"D" FIGURES FOR	1,026,772,168	1,055,195,067	13,708,068	49,097,487	1,013,064,100	1,483,521,081
CURRENT YEAR		(536,231,333)		(590,734)		
(A+B+C) Rs						
"E" FIGURES FOR	984,519,881	43,876,177	14,035,216	763,279	970,484,665	1,013,064,100
PREVIOUS YEAR Rs.		(1,623,890)		(1,090,427)		

James Hotels Limited

PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
NOTE 1.8 : LONG-TERM LOANS & ADVANCES				
(Unsecured considered good - unless otherwise stated).				
Advances For Capital Goods		10,154,489		10,524,655
Deposits with Government Departments & Other Agencies		778,702		694,702
TOTAL Rs.		<u><u>10,933,191</u></u>		<u><u>11,219,357</u></u>
NOTE 1.9 : OTHER NON-CURRENT ASSETS				
(To the extent not adjusted or written off)				
Pre-operative Expenses (pending capitalisation)				394,466,678
-Balance brought forward	394,466,678			
-Less : Transferred to				
Building	257,876,258			
Furniture & Fixtures - Hotel	54,712,775			
Machinery & Equipment	81,877,645	394,466,678		
Unamortised Expenses *			1,900,000	1,900,000
TOTAL Rs.		<u><u>1,900,000</u></u>		<u><u>396,366,678</u></u>
*represent fee for increase in authorised share capital.				
NOTE 1.10 : INVENTORIES				
(As taken, valued & certified by the management)				
Food & Beverages		1,873,350		0
Linen & Clothing		590,630		0
House Keeping		223,140		0
Others		428,240		0
TOTAL Rs.		<u><u>3,115,360</u></u>		<u><u>0</u></u>
NOTE 1.11 : TRADE RECEIVABLES				
(Unsecured considered good -unless otherwise stated).				
1.11.1 Exceeding six months		0		0
1.11.2 Others		13,699,648		0
TOTAL Rs.		<u><u>13,699,648</u></u>		<u><u>0</u></u>
NOTE 1.12 : CASH & BANK BALANCES				
1.12.1 Cash and cash equivalents				
Balance with banks current accounts	7,356,043		53,148	
Cheques & drafts in hand	1,548,072		0	
Cash in hand	902,278	9,806,393	5,934,748	5,987,896
1.12.2 Other bank balances				
Balances held as margin money *		14,948,345		19,094,765
TOTAL Rs.		<u><u>24,754,738</u></u>		<u><u>25,082,661</u></u>

* pledged as security with United Bank of India and State Bank of India & Punjab National Bank for bank guarantee in favour of Department of Sales Tax and Director General Foreign Trade, respectively.

James Hotels Limited

PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
NOTE 1.13 : SHORT-TERM LOANS & ADVANCES				
For Supplies & Services		3,564,784		393,039
Prepaid Expenses		709,147		952,715
Taxes		841,691		155,928
Staff		13,650		0
Balances				
-with Excise & Custom Authorities	2,724,545			
-with Excise & Taxation Authorities	163,968	2,888,513		0
TOTAL Rs.		8,017,785		1,501,682
NOTE 1.14 : OTHER CURRENT ASSETS				
Amount Recoverable (Unsecured considered good -unless otherwise stated). Exceeding six months		336,090		180,162
Others		701,428		0
TOTAL Rs.		1,037,518		180,162
NOTE 2.1 : REVENUE FROM OPERATIONS				
Sales		73,003,620		0
Rooms Income		96,065,581		0
TOTAL Rs.		169,069,201		0
NOTE 2.2 : OTHER OPERATING REVENUES				
Banquets & Other Income		6,262,232		0
Laundry Charges etc.		2,203,138		0
Commission & Incentives		811,574		0
TOTAL Rs.		9,276,944		0
NOTE 2.3 : OTHER INCOME				
Interest earned		963,318		38,366
Miscellaneous		291,744		16,574
TOTAL Rs.		1,255,062		54,940
NOTE 2.4 : COST OF MATERIALS CONSUMED				
Food & Beverages				
Purchases		36,575,458		0
Less : Closing Stock		1,873,350		0
TOTAL Rs.		34,702,108		0
NOTE 2.5 : EMPLOYEE BENEFITS EXPENSE				
Salaries & Wages (salaries & wages, leave encasements & bonus)		32,599,513		361,579
Contribution to :				
Provident Fund & Other Funds		2,081,442		0
Staff Welfare		3,715,972		4,377
TOTAL Rs.		38,396,927		365,956

James Hotels Limited

PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
NOTE 2.6 : FINANCE COSTS				
Interest				
-Banks	110,259,160		109,968,991	
Less: Capitalised during the year	<u>96,350,703</u>	13,908,457	<u>109,968,991</u>	0
Bank Charges		1,049,531		0
TOTAL Rs.		<u>14,957,988</u>		<u>0</u>
NOTE 2.7 : OTHER EXPENSES				
Operating Expenses				0
-Consumable Stores	5,121,907			
-Power, Fuel & Electricity	20,350,344			
-Franchise Fee	2,973,412			
-Watch & Ward	2,284,343			
-Others	<u>6,960,487</u>	37,690,493		
Rent		439,601		0
Repairs & Maintenance				0
-Building & Electrical	300,740			
-Machinery & Equipment	1,392,069			
-Computers	101,245			
-Vehicles	146,982			
-General	<u>13,135</u>	1,954,171		
Insurance		1,095,657		0
Rates & Taxes		1,625,491		0
Miscellaneous Expenses				
-Other Administrative Expenses	2,880,825		78,233	
-Travelling & Conveyance			0	
Directors	402,398			
Staff/Others	<u>817,913</u>	1,220,311		
-General Charges		161,568	18,476	
-Selling & Distribution Expenses	10,415,794*		0	
Directors' Sitting Fee	<u>235,956</u>	14,914,454	<u>0</u>	96,709
Payments to Auditor		90,000		65,000
TOTAL Rs.		<u>57,809,867</u>		<u>161,709</u>

* inclusive of commission, rebate & discount (Rs. 8,087,567/-).

**NOTE '3' : SIGNIFICANT ACCOUNTING POLICIES
(Forming part of Accounts)
FOR THE YEAR ENDED 31ST MARCH, 2013**

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. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balance of assets and liabilities and the disclosure relating to contingent liabilities as at the date of the financial statements. These estimates are based upon management's best knowledge of current events and actions. The difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3.3. Fixed Assets

- Tangible Assets

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment of assets, if any.

The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

- Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are recognised if it is probable that the expected future economic benefits attributable to the assets will flow to the Company and it can be measured reliably.

- 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.

3.4. Depreciation/Amortisation

- 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.

- Intangible Assets are amortised on straight line basis over their estimated useful life not exceeding ten years, based on economic benefits that would be derived, as per the estimates made by the Management.

3.5. 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 & 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.

3.6. Valuation of Inventories

Inventories are valued at cost which is based on First-in First-out (FIFO) method. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

- 3.7 **Revenue Recognition**
- Revenue from sale of goods is recognised when risk and rewards of ownership are transferred to the customers.
 - Revenue from services is recognised when services are rendered and related costs are incurred.
 - Other income is recognised on accrual basis unless otherwise stated.
 - Insurance and other claims are accounted for on settlement of claims/on receipt.
 - Sales are shown net of taxes, as applicable.
- 3.8 **Employee Benefits**
- a) **Short-term Employee Benefit :**
- 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 on actual payment.
- b) **Post-Employment Benefits**
- (i) **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 respective funds are due.
- (ii) **Defined Benefit Plan :**
- Gratuity is accounted for on actual payment basis - the Company has not taken any Gratuity policy with Life Insurance Corporation of India or any other insurer covered under the specified provisions of the Income Tax Act, 1961.
- (c) **Termination Benefits :**
- Termination benefits are recognised as an expense as and when incurred.
- 3.9 **Borrowing Costs**
- Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit & Loss
- 3.10 **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.
- 3.11 **Investments**
- Investments are classified into current and long-term investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current 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.
- 3.12 **Operating Lease**
- Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit & Loss on a *straight line basis*.
- 3.13 **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, 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.

James Hotels Limited

- Deferred tax assets on unabsorbed depreciation and carry forward losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.
- 3.14. **Earnings Per Share (EPS)**
-Annualised basic earnings per equity share is arrived at based on net profit/(loss) attributable to equity shareholders to the basic weighted average number of equity shares outstanding.
-Annualised diluted earnings per equity share is arrived at based on adjusted net profit /(loss) attributable to equity shareholders to the adjusted weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares; except where the results are anti-dilutive. At present the Company does not have any dilutive potential equity shares.
- 3.15. **Cash Flow Statement:**
-The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard (AS) 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.
-Cash and cash equivalents presented in the Cash Flow Statement consist of cash in hand, cheques & drafts in hand, balances in current account, fixed deposit (with an original maturity of three months or less).
- 3.16. **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.
- 3.17. **Contingencies and Provisions**
A provision is recognised when the Company has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

NOTE 4: OTHER NOTES TO ACCOUNTS (Forming part of Accounts) FOR THE YEAR ENDED 31ST MARCH, 2013

- 4.1. **Contingent Liabilities & Commitments:**
a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account - Nil (previous year - Rs. 100,000,000/-).
b) Contingent Liabilities:
- Claims against the Company not acknowledged as debt - Nil (previous year - Nil)
- Additional fee for increase in Authorised Share Capital - Rs. 598,500/- (previous year - Nil).
- 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. **Authorised Share Capital:**
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 38,000,000 (Three crores and eighty lacs) Equity and/or Preference Shares of Rs. 10/- each (Rupees ten only). However, the exact number of Equity Shares & Preference shares has not been specifically classified.

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

(read with Note 4.4 infra)

A) Balance (As on 01st 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 29th September, 2007 in order to comply with the terms and conditions of the lending Bank as mentioned in para (ii) hereunder.
- ii) State Bank of India sanctioned a term loan of Rs. 450,000,000/- to part finance the completion of hotel project (situated at Plot No. 10, Sector 17, Chandigarh), with a stipulation that the remaining amount (i.e. Rs.73,100,000/-) will be contributed by the promoters as Share Capital.
- iii) The Shareholders at the Annual General Meeting held on 29th 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 financial year 2011-2012 (Rs. 294,840,000/-):

- i) Share Application Money (Rs.294,840,000/-) had been received consequent to the special resolution (through Postal Ballot) passed by the shareholders of the Company on 14th December, 2011 (refer Note 4.3 supra) in order to comply with the terms and conditions of the lending Bank as mentioned in para (ii) 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 capital, before the disbursement of proposed additional term loan.

4.4

A few minority shareholders filed petition, in previous year, (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 13th 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 16th May, 2013 was adjourned to 30th August, 2013 - the matter is subjoined.

The Company had 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.

4.5

Long-term Borrowings:

State Bank of India (vide letter no. SCB/CHD/AMT-III/ 2012-2013/72 dated 19th January, 2013) and Punjab National Bank (vide letter no. LCB/2012 dated 29th November, 2012) have restructured/rescheduled the loans, as mentioned herein below:-

James Hotels Limited

a) Secured

-Term Loans

From State Bank of India

Restructuring Credit Facilities

Repayment in monthly ballooned instalments are as under:

Principal outstanding as on 01st January, 2012 (Rs.398,000,000/-)

15 monthly instalments of Rs. 800,000/- each w.e.f. January, 2012

12 monthly instalments of Rs. 1,000,000/- each w.e.f. April, 2013.

12 monthly instalments of Rs. 1,200,000/- each w.e.f. April, 2014.

12 monthly instalments of Rs. 1,700,000/- each w.e.f. April, 2015.

12 monthly instalments of Rs. 4,000,000/- each w.e.f. April, 2016.

12 monthly instalments of Rs. 6,000,000/- each w.e.f. April, 2017.

12 monthly instalments of Rs. 7,000,000/- each w.e.f. April, 2018.

12 monthly instalments of Rs. 5,000,000/- each w.e.f. April, 2019.

10 monthly instalments of Rs. 6,000,000/- each and last two monthly instalments of Rs. 7,600,000/- each w.e.f. April, 2020.

Funded Interest Term Loan I (Rs. 9,000,000/-)

45 monthly instalments of Rs. 200,000/- each w.e.f. 31st July, 2013.

Funded Interest Term Loan II (Rs. 66,200,000/-)

09 monthly instalments of Rs. 300,000/- each w.e.f. 31st July, 2013.

12 monthly instalments of Rs. 500,000/- each w.e.f. 30th April, 2014.

12 monthly instalments of Rs. 500,000/- each w.e.f. 30th April, 2015.

12 monthly instalments of Rs. 2,100,000/- each w.e.f. 30th April, 2016.

11 monthly instalments of Rs. 2,200,000/- each and last instalment of Rs. 2,100,000/- w.e.f. 30th April, 2017.

Funded Interest Term Loan III (Rs. 1,500,000/-)

30 monthly instalments of Rs. 50,000/- each w.e.f. 31st July, 2013.

From Punjab National Bank Restructuring Credit Facilities

Fresh Term Loan (Rs. 34,000,000/-)

48 monthly instalments of Rs. 100,000/- each w.e.f. April, 2015.

36 monthly instalments of Rs. 600,000/- each w.e.f. April, 2019.

07 monthly instalments of Rs. 1,000,000/- each and last instalment of Rs. 600,000/- w.e.f. April, 2022.

Funded Interest Term Loan (Rs. 33,800,000/-)

09 monthly instalments of Rs. 600,000/- each w.e.f. July, 2013.

12 monthly instalments of Rs. 1,000,000/- each w.e.f. April, 2014.

11 monthly instalments of Rs. 1,400,000/- each and last instalment of Rs. 1,000,000/- w.e.f. April, 2015.

Restructured Term Loan (Rs. 273,000,000/-)

03 monthly instalments of Rs. 200,000/- each w.e.f. January, 2014.

24 monthly instalments of Rs. 200,000/- each w.e.f. April, 2014.

12 monthly instalments of Rs. 500,000/- each w.e.f. April, 2016.

12 monthly instalments of Rs. 2,500,000/- each w.e.f. April, 2017.

12 monthly instalments of Rs. 3,500,000/- each w.e.f. April, 2018.

12 monthly instalments of Rs. 2,000,000/- each w.e.f. April, 2019.

12 monthly instalments of Rs. 2,300,000/- each w.e.f. April, 2020.

10 monthly instalments of Rs. 13,800,000/- each w.e.f. April, 2021.

From United Bank of India (Rs. 95,000,000/-).

76 monthly instalments of Rs. 100,000/- each w.e.f. Dec., 2012 to Mar., 2019

07 monthly instalments of Rs. 10,900,000/- each w.e.f. Apr., 2019 to Oct., 2019

01 monthly installment of Rs. 11,100,000/- due & payable in Nov., 2019.

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

-Interest accrued & due (Rs.1,178,673/-), for the month of February, 2013, on term loan from United Bank of India remained unpaid at the close of the year.

b) Unsecured

- Unsecured loans from promoters were raised in pursuance of stipulations of the Banks.

- Unsecured loans (Rs.42,863,268/-) from promoters [i.e. Directors (Rs.4,650,251/-) & Others (Rs.38,213,017/-)] 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.

- The Company has not entered into any contractual agreement(s) with the above referred parties with regard to payment of interest & repayment of principle.

4.6 a) 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.

b) Party balances have been incorporated in the financial statements at the value as per the books of account & are considered hopeful of recovery/good for payment.

4.7 Fixed Assets:

Capital Work-in-Progress (Rs.335,917,985/-) comprises of:

Building (under-construction Rs.256,130,069/-), Plant & Machinery and Miscellaneous Fixed Assets (under-installation Rs.17,496,913/- & Rs.62,291,003 respectively); the said amount, on completion of construction/installation will be capitalised to respective assets.

- 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.

- The Company has commenced operations, during the year; therefore Pre-operative Expenses have been capitalised.

Long-term Loans & Advances:

Advances for capital goods (Rs.10,154,489/-); the goods will be received in the ensuing year.

4.8 Other Non-Current Assets:

Unamortised Expenses (Rs.1,900,000/-) represent fee for increase in authorised share capital (i.e. normal fee for filing of Form-5).

Since the case (refer note 4.4 supra) is pending with the Company Law Board, the Company has not deposited the above mentioned fee till date.

4.9 The Registrar of Companies, Punjab & Chandigarh had initiated legal proceedings, in previous year, under Sections 154(2), 193, 301(4) and 303(2) of the Companies Act, 1956, against the Company and its Directors in the Court of Hon'ble Chief Judicial Magistrate, Chandigarh; the Court has compounded the offence and the Company has deposited the compounding fee as directed by the Court.

4.10 The Registrar of Companies, Punjab & Chandigarh has issued show cause notice No. TS/209A/4249/2213 & No. TS/209A/4249/2221 dated 29.01.2013 under Sections 383A and 224(8) of the Companies Act, 1956, respectively, against the Company and its Directors. The Company and its directors have filed compounding application under Section 621A of the Companies Act, 1956 for compounding of offences under Section 383A and Section 224(8) of the Companies Act, 1956.

4.11 *The Company Secretary resigned w.e.f. 27th December, 2011, thereafter the post remained vacant till 30th June, 2012. The Company has appointed the Company Secretary w.e.f. 01st July, 2012.*

James Hotels Limited

4.12 Earnings Per Share (AS-20)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Numerator		
Net Loss attributable to Equity shareholders	Rs. (15,077,436)	Rs. (869,467)
Denominator		
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
Earnings per Equity share - Basic & Diluted	Rs. (1.88)	Rs. (0.11)

Note: Since the case (refer note 4.4 supra) is pending with the Company Law Board, the Company has not considered Share Application Money for computation of diluted earnings per equity share (as required by paragraph 28 of Accounting Standard - 20 on "Earnings Per Share" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

4.13 Borrowing Costs (AS - 16)

Borrowing costs (Rs. 96,350,703/-) attributable to construction/installation of fixed assets have been capitalised, during the year. Capitalisation of borrowing costs will cease when essentially all the activities necessary to prepare the qualifying assets for its intended use are completed.

4.14 Segment Reporting (AS - 17)

Since the Company primarily operates in one segment (Hotel Industry) - therefore segment reporting as required under Accounting Standard - 17 is not applicable - there is no reportable geographical segment either.

4.15 Related Party Disclosures (AS-18)

(As certified by the management)

a) Related Parties & their relationships:

- i) Key Management Personnel
-Haravtar Singh Arora (Managing Director)
- ii) Relatives of Key Management Personnel
-Bhupinder Singh
-Paramjit Singh
- iii) Individual having control or significant influence
-Ajmair Singh Bhullar

b) Transactions with related parties:

Nature of Transactions	Key Management Personnel AMOUNT	Individual having control or significant influence AMOUNT
Unsecured Loans		
-Balance as on 01st April, 2012	50,251	27,870,017
Add : received during the year	11,500,000	9,650,000
Less : repaid during the year	8,000,000	0
-Balance as on 31st March, 2013	3,550,251	37,520,017

James Hotels Limited

4.16 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".

4.17 Deferred Tax Asset & Liability (AS-22)

In absence of virtual certainty of sufficient future taxable income, deferred tax asset as a measure of prudence has not been recognised on carry forward of business losses/unabsorbed depreciation under tax laws.

4.18 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.

4.19 Auditor's Remuneration

		31 st March, 2013 AMOUNT		31 st March, 2012 AMOUNT
-Audit Fee		60,000		40,000
in other capacity				20,000
Taxation Matters	15,000			
Company Law Matters	<u>10,000</u>	25,000		
-Reimbursement of expenses		5,000		5,000
Total Rs.		<u><u>90,000</u></u>		<u><u>65,000</u></u>

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

James Hotels Limited

4.21 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.

"A" Material Consumed

Particulars	31 st March, 2013 AMOUNT (Rs.)	31 st March, 2012 AMOUNT (Rs.)
Food & Beverages	34,702,108	Nil

"B" Imported & indigenous consumption of Raw Material/Stores & Spares

Particulars	31 st March, 2013		31 st March, 2012	
	Amount (Rs.)	% age of total consumption	Amount (Rs.)	% of age total consumption
- Raw Material/Stores & Spares				
Indigenous	39,824,015	100	-	-
Imported	-	-	-	-

"C" Transactions in Foreign Currency

Particulars	31 st March, 2013 Amount	31 st March, 2012 Amount
(i) Value of Imports calculated on C.I.F. Basis		
Capital Goods	Nil	683,000
(ii) Expenditure in Foreign Currency		
Royalty (USD 21,090.75)	1,156,159	Nil
(iii) Earnings in Foreign Currency		
Room Rent, Banquets & Other Income (USD 221,293.36)	 12,019,927 *	 Nil

* Earnings in foreign exchange represent foreign inward remittances (FIRC).

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

4.23 Figures have been rounded off to nearest rupee.

In terms of our attached report of even date.

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

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

Dated : 30th May 2013
Place : Chandigarh

For and on the behalf of Board of Directors

Sd/-
Haravtar Singh Arora
(Managing Director)
Sd/-
Neeraj Mohindroo
(Director)
Sd/-
Puja Sharma
(Company Secretary)

James Hotels Limited

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH, 2013

	CURRENT YEAR 31ST MARCH, 2013 Rs.	PREVIOUS YEAR 31ST MARCH, 2012 Rs.
"A" CASH INFLOWS		
(I) FROM OPERATING ACTIVITIES		
a) Loss before tax	(15,077,436)	(869,467)
Adjustments :		
Depreciation and amortisation	49,097,487	763,279
(Gain)/Loss on sale of fixed assets	(285,734)	(366,537)
Interest earned	(963,318)	(38,366)
Interest paid/incurred (Net)	13,908,457	0
Profit from operating activities	46,679,456	(511,091)
b) Working capital changes :		
(Increase)/Decrease in Inventories	(3,115,360)	0
(Increase)/Decrease in Trade Receivables	(13,699,648)	0
(Increase)/Decrease in Short-Term Loans and Advances	(6,516,103)	5,566,330
(Increase)/Decrease in Other Current Assets	(857,356)	(494,964)
(Increase)/Decrease in Long-Term Loans and Advances	286,166	83,854,488
Increase/(Decrease) in Other Long-Term Liabilities	159,900	270,903
Increase/(Decrease) in Trade Payables	13,618,735	905,906
Increase/(Decrease) in Other Current Liabilities	(54,834,485)	(52,584,864)
Cash generated from operations	(18,278,695)	37,006,708
c) Direct taxes paid (net of refund)	0	0
Total "I"	(18,278,695)	37,006,708
(II) FROM INVESTING ACTIVITIES		
a) Purchase of tangible assets/intangible assets/ capital work-in-progress	(125,292,056)	(43,876,177)
b) Proceeds from sale of tangible assets/intangible assets/ capital work-in-progress	490,000	900,000
c) Purchase of investments	0	0
d) Proceeds from sale of investments	0	0
e) Investment in subsidiaries/associates/ business ventures	0	0
f) Realisation of Long-Term Loans and Advances from subsidiaries/associates/ business ventures	0	0
g) (Increase)/Decrease in other Non-Curent Assets	0	(123,154,695)
h) (Increase)/Decrease in Fixed Deposits	4,146,420	(1,399,517)
i) Dividend received	0	0
j) Interest received	963,318	38,366
Total "II"	(119,692,318)	167,492,023

James Hotels Limited

CASH FLOW STATEMENT FOR THE YEAR ENDING MARCH, 2013

	CURRENT YEAR 31ST MARCH, 2013	PREVIOUS YEAR 31ST MARCH, 2012
(III) FROM FINANCING ACTIVITIES		
a) Proceeds from issue of Share Capital	0	0
b) Share application Money (pending allotment)	0	294,840.00
c) Proceeds from Long-Term Borrowings (net)	155,697,967	0
d) Increase in Short-Term Borrowings (net)	0	0
e) Redemption of Preference shares	0	0
f) Repayments of Long-Term Borrowings	0	(248,375,683)
g) Decrease in Short-Term Borrowings (net)	0	0
h) Dividends paid (including distribution tax)	0	0
i) Interest and other Finance cost	(13,908,457)	0
Total 'I'	141,789,510	45,464,317
"B" Net (decrease)/increase in cash and cash equivalents (I+II+III)	3,818,497	(85,020,998)
Add : Cash and Cash equivalents at the beginning of the year	5,987,896	91,008,894
"C" Cash and Cash equivalents at the end of the year	9,806,393	5,987,896
 Cash and Cash equivalents comprises of		
	CURRENT YEAR 31ST MARCH, 2013	PREVIOUS YEAR 31st MARCH 2012
Cash & Bank Balances as per Note 1.12	24,754,738	25,082,661
Less : Fixed Deposits	14,948,345	19,094,765
	980,6393	5,987,896

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

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

**Dated : 30th May 2013
Place : Chandigarh**

For and on the behalf of Board of Directors

Sd/-
Haravtar Singh Arora
(Managing Director)

Sd/-
Neeraj Mohindroo
(Director)

Sd/-
Puja Sharma
(Company Secretary)

James Hotels Limited

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

I/We.....ofin 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 32nd Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 at 10.00 A.M. at Indira Holiday Home, Sector 24-B, Chandigarh and at any adjournments there of.

Name of the Shareholder.....

Client ID No.....

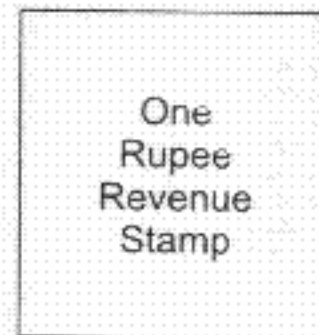
DP ID No.....

Registered Folio No.....

No. of shares held.....

Signed this.....day of.....2013

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 32nd. Annual General Meeting of the Company to be held on Monday, the 30th day of September, 2013 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 _____

If undelivered please return to:-

JAMES HOTELS LIMITED

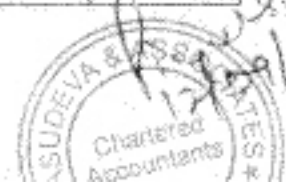
Regd. Office : Block 10, Sector 17-A,

Chandigarh-160 017

FORM B

Covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	James Hotels Limited
2.	Annual Financial Statements for the year ended	31 st March 2013
3.	Type of Audit Qualification	Subject to
4.	Frequency of Qualification	The Qualifications No. 1 and 2 have been appearing since F.Y 2011-12 and the qualifications No. 3 and 4 are shown in the current Financial year 2012-13.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report :	<p>Qualifications shown in Audit Report :</p> <p>i) 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.</p> <p>ii) non-provision of depreciation on certain fixed assets (under- construction/ under- installation).</p> <p>iii) non-payment of fee for increase in authorised share capital.</p> <p>iv) appointment of Company Secretary under Section 383A of the Companies Act, 1956.</p> <p>(shown as Point 4.2, 4.7, 4.8 and 4.11 in the Notes to Accounts forming part of Audit Report</p>
6.	Comments from Board/ Audit Committee	<p>1. The classification of shares is not mandatory as per Table A of the Schedule I of the Companies Act, 1956 and this has no effect on the financials of the Company.</p> <p>2. The fixed assets on which depreciation was not charged are part of the Building (under-construction), Plant & Machinery and other Fixed Assets (under-</p>

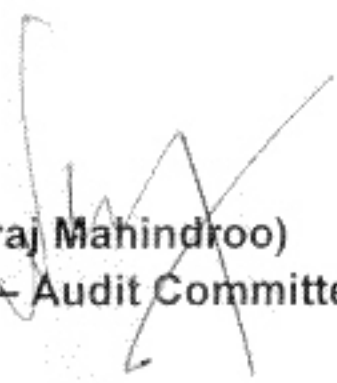


		<p>installation). Hence, no depreciation was charged on these assets.</p> <p>3. The matter is kept in abeyance as it is pending before the Hon'ble Company Law Board.</p> <p>4. The Company couldn't find suitable candidate during short period. However, the Company appointed Wholetime Company Secretary on 01.07.2012 to comply with the provisions of Section 383A of the Companies Act, 1956.</p> <p>(The Management reply to the Qualification is given in Directors Report.)</p>
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For James Hotels Limited



(Haravtar Singh Arora)
CEO/CFO



(Neeraj Mahindroo)
Chairman - Audit Committee

For Vasudeva & Associates



(Piyush Singla)
Partner



Date: 12th September, 2013