

## **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 <sup>st</sup> March 2015
3.	Type of Audit Qualification	Subject to
4.	Frequency of Qualification	The qualification No. 1,3, 5 & 6 is shown in the current Financial year 2014- 15, qualification No. 2 has been appearing since F.Y 2011-12 and the qualification No. 4 has been appearing since F.Y 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> <ul style="list-style-type: none"><li>i) Pending litigations against the Company.</li><li>ii) the Company has increased Authorised Share Capital Rs. 140,000,000/- to Rs.520,000,000/- by passing a special resolution dated 14<sup>th</sup> December, 2011 by way of postal ballot; however, the exact number of Equity Shares &amp; Preference shares has not been specifically classified.</li><li>iii) Defaults in repayment of dues to banks and assignment of loans granted by State Bank of India to Asset Reconstruction Company (India) Limited. Provision for interest accrued, in absence of confirmation of balances by banks, has been made on accrual basis.</li><li>iv) non-payment of fee for increase in Authorized Share Capital.</li><li>v) Provision of liability for gratuity has been made on accrual basis, Actuarial Valuation report as required under Accounting Standard – 15, has not been</li></ul>

		<p>obtained.</p> <p>vi) Remuneration paid to Managing Director is subject to the approval of shareholders and Central Government.</p> <p>(shown as Point 4.1, 4.2, 4.5, 4.8 ,4.11 and 4.13 in the Notes to Accounts forming part of Audit Report</p>
6.	Comments from Board/ Audit Committee	<ol style="list-style-type: none"> <li>1. It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above. However, the Company is taking appropriate action in respect of the pending litigations..</li> <li>2. The classification of shares is not mandatory as per relevant Schedule of the Companies Act, 2013 and this has no effect on the financials of the Company.</li> <li>3. The financial position of the Company is not good and is facing acute shortage of funds due to escalation in costs on account of delay in commencement of operations.</li> <li>4. The Company in the year 2011 sought the consent of shareholders for increasing the Authorized Share Capital for the purpose of issuing shares to the promoters and accordingly, the Authorized Share Capital was increased from 14 crores to 52 crores but since the very purpose of issuing shares was restrained by the Hon'ble CLB. Therefore, the Company could not pay the fees in respect of increase of Authorized Share Capital to the ROC.</li> <li>5. Although none of the employees qualify for the payment of gratuity as per the 'The payment of Gratuity Act, 1972', yet the Company has made adequate provision for gratuity.</li> </ol>



	<p>6. The tenure of the Managing Director expired on 08.04.2015. The approval of Shareholders is required for the re-appointment of the Managing Director and for fixation of the remuneration. The Remuneration paid to the Managing Director is within the limits prescribed in the Schedule V of the Companies Act, 2013. However, as per the provisions of Schedule V of the Companies Act, 2013, the approval of Central Government is also required, for which requisite action will be taken after shareholders approval.</p> <p>(The Management reply to the Qualification is given in Directors Report.)</p>
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Dated : 02.09.2015

For James Hotels Limited

For Vasudeva & Associates



Partner

(Haravtar Singh Arora)  
Chairman & Managing Director

DIN - 00592496

(Neeraj Mohindroo)  
Chairman - Audit Committee

DIN - 01240807



**JAMES  
HOTELS LIMITED**

**34<sup>th</sup>**

**ANNUAL REPORT  
2014-2015**

**BOARD OF DIRECTORS**

Mr. Haravtar Singh Arora, Chairman  
Mr. Neeraj Mohindroo  
Mr. Ajit Pal Singh  
Mr. Amit Julka  
Ms. Amrit Pal Bedi

**AUDITORS**

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

**CHIEF FINANCIAL OFFICER**

Mr. Bharat Bhushan Goel

**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-B, Chandigarh-160017

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**NOTICE**

**NOTICE** is hereby given that the 34<sup>th</sup> Annual General Meeting of the members of James Hotels Limited will be held on Wednesday, the 30th day of September, 2015 at 11.00 A.M. at Indira Holiday Home, Sector 24-B, Chandigarh to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2015 and Balance Sheet as on that date of the Company, together with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Haravtar Singh Arora (DIN – 00592496), who retires by rotation and being eligible, offers himself for re-appointment.
3. TO PASS IF THOUGHT FIT, WITH OR WITHOUT MODIFICATION(S) IF ANY, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

**TO RATIFY THE APPOINTMENT OF STATUTORY AUDITORS AND FIX THEIR REMUNERATION.**

**"RESOLVED THAT** pursuant to the provisions of Section 139, 141 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Company do hereby ratifies the appointment of M/s Vasudeva & Associates, Chartered Accountants (Firm Registration No. 022239N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 35<sup>th</sup> AGM of the Company to be held in the year 2016 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

**SPECIAL BUSINESS**

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

**APPOINTMENT OF MS. AMRIT PAL BEDI AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with schedule IV of the Act, as amended from time to time and clause 49 of the Listing Agreement, Ms. Amrit Pal Bedi (DIN: 07138305), an additional director appointed on 28.03.2015, who has submitted declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as an independent director of the Company for a term of five years.



5. To consider and, if thought fit, to pass with/ without modification(s) the following resolution as a special resolution :

**REAPPOINTMENT AND REMUNERATION OF MANAGING DIRECTOR :**

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, sanctions and permissions as may be required and subject to such conditions and modifications as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, sanctions and permissions approval of the Company be and is hereby accorded to the reappointment and remuneration of Mr. Haravtar Singh Arora (DIN – 00592496) as the Managing Director of the Company, liable to retire by rotation under the Companies Act, 2013 for a period of five years with effect from 09.04.2015 to 08.04.2020 at a monthly remuneration of Rs. 125000/- for three years with liberty to the Board of Directors ( hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration and Nomination Committee of the Board) to alter and vary the terms and conditions of the said reappointment and/ or remuneration as it may deem fit and as may be acceptable to Mr. Haravtar Singh Arora, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereby expressly by the authority of this resolution.

6. To consider and, if thought fit, to pass with/ without modification(s) the following resolution as a special resolution :

**"RESOLVED THAT** in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting held on 29<sup>th</sup> September, 2007 and pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby

accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time from any one or more of the Bankers and/or from any one or more of the other persons, firms, bodies corporate or financial institution(s), whether by way of cash credit, advances, term loan or otherwise and whether unsecured or secured by charge of any kind whatsoever including mortgage, hypothecation or pledge of the Company's assets and properties whether movable or immovable or stock in trade and work in progress and all or any of the Undertakings of the Company, present and future, notwithstanding that the money to be borrowed together with monies already borrowed by the Company (apart from the temporary loans obtained from the bankers in the ordinary course of business) may exceed the aggregate of the Paid up Share Capital and its free reserves, that is to say, reserves not set apart for any specific purposes, so that the amount upto which money may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 250.00 Crores.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things as may be considered necessary to give effect to the said resolution .”

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

Sd/-

Place: Chandigarh

(Puja Sharma)

Date: 25/08/2015

Company Secretary  
M. No. 30298

**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.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share Capital of the Company. In case proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.



2. An Explanatory Statement pursuant to section 102 of the Companies Act, 2013, relating to the special business as set out in item no. 4, 5 & 6 and relevant details in respect of item no. 2 pursuant to the provisions of clause 49 of the Listing Agreement, are annexed hereto.
3. Members are requested to notify any change in their address, along with their pincode 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 21<sup>st</sup> September, 2015 to 30th September, 2015 (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 for consolidation of such shares enclosing their share certificate.
7. The members who hold shares in dematerialized form are requested to bring their Client ID and DPID 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.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. Electronic copy of the Annual Report for 2014-15 is being sent to all members whose e-mail IDs are registered with the Company/ Depository Participant (s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.
13. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules made thereunder, the Members are provided with the facility to cast their vote

electronically, through the e voting services provided by National Securities Depository Limited (NSDL) , on all resolutions set forth in this notice.

The instructions for e-voting are as under :

- A. NSDL shall be sending the User ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/ Depository Participants. For members who have not registered their email addresses, can use the details as provided in the e voting instruction being sent along with the Notice.
- B. Open the internet browser and type the following URL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- C. Click on the Shareholder – login.
- D. Put User ID and Password as provided in this document and click login. If you are already registered with NSDL for e voting then you can use your existing User ID and Password for your login.
- E. If you are logging in for the first time, the password change menu will appear. Change the password with new password of your choice. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- F. Once the e-voting home opens, click on e-voting : Active Voting Cycles.
- G. Select " EVEN (Electronic Voting Event Number)" of James Hotels Limited.
- H. Once you enter the Cast Vote page will open. Now you are ready for e-voting.
- I. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- J. Upon confirmation, the message "Vote cast successfully" will be displayed.
- K. Once you have voted on the resolution, you will not be allowed to modify your vote.
- L. Institutional shareholders (i.e other than individuals, HUF , NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with the attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e mail at [meenarohilla@gmail.com](mailto:meenarohilla@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

General Instructions for e-voting :

- i. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and -e voting user manual for shareholders available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You can also contact NSDL via email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- ii. You can also update your mobile number and e mail Id in the user profile details of the folio which may be used for sending future communication (s).
- iii. The e-voting period commences on 27/09/2015 and ends on 29/09/2015. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22/09/2015 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- iv. The voting rights of shareholders, shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e 22/09/2015.
- v. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form ,as on the cut-off date (record date)of 22/09/2015 and not casting their vote electronically, may only cast their vote at the 34<sup>th</sup> Annual General Meeting.
- vi. Ms Meena Rohilla, Company Secretary in Practice, has been appointed as the Scrutinizer to scrutinize the-e voting process in a fair and transparent manner.
- vii. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- viii. The Results shall be declared on or after the 34<sup>th</sup> Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.jameshotels.in](http://www.jameshotels.in) and on the website of NSDL within two (2) days of passing of the resolutions at the 34<sup>th</sup> Annual General Meeting of the Company on 30/09/2015 and communicated to BSE.
- ix. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 had mandated the companies to use any of the RBI approved electronic mode of payment such as ECS( Local ECS/ Regional ECS / National ECS ), NEFT, RTGS etc. for distribution of dividends and other cash benefits to investors.



The Circular also mandated the Companies or their Registrar and Transfer Agent (RTA) to maintain bank details of investors. In case the securities are held in demat mode, the Companies or their RTA shall seek relevant bank details from depositories and in case the securities are held in physical mode, the Companies or their RTA shall take necessary steps to maintain updated bank details at their end. The members are requested to ensure that correct and updated particulars of their bank accounts are available with their respective depository participants and the Company/ its RTA to facilitate necessary payments through electronic mode.

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 4**

The Board of Directors at their meeting held on 28<sup>th</sup> March, 2015 appointed Ms. Amrit Pal Bedi as an Additional Independent Director of the Company to hold office upto the conclusion of the 34<sup>th</sup> Annual General Meeting. The Company has received notice together with prescribed deposit, pursuant to Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Amrit Pal Bedi.

The resolution in item no. 4 is recommended for the approval of the members. None of the Directors and Key Managerial Personnel or their respective relatives except Ms. Amrit Pal Bedi is concerned or interested in the passing of this resolution.

**ITEM NO. 5**

The members at the 29<sup>th</sup> Annual General Meeting held on 30.09.2010 had approved the appointment of Mr. Haravtar Singh Arora as Managing Director of the Company for a period of five years from 09.04.2010 to 08.04.2015 on the terms and conditions as may be decided by the Board from time to time. The members at the 33<sup>rd</sup> Annual General Meeting held on 30.09.2014 ratified and approved the payment of remuneration of Rs. 125000/- per month to Mr. Haravtar Singh Arora for the period from 01.10.2013 to 08.04.2015. The term of five years has expired on 08.04.2015.

Considering the ambitious growth plan for the immediate future and the responsibilities borne by the Managing Director and the industry standards, the Board of Directors of the Company in its meeting held on 16.04.2015, has pursuant to the recommendation of the Remuneration and Nomination Committee and subject to the approval of the members and Central Government,

approved the re-appointment and remuneration of Mr. Haravtar Singh Arora as the Managing Director under the Companies Act, 2013 for a term of five years with effect from 09.04.2015 to 08.04.2020 (both days inclusive). The Managing Director shall also be a key Managerial Personnel under the provisions of Section 203 of the Companies Act, 2013.

Pursuant to the provisions of Section 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 including Schedule V to the Act, the remuneration payable to the Managing Director be and is hereby placed before the members in the 34<sup>th</sup> Annual General Meeting for their approval by way of special resolution.

Your Directors recommend the Resolution at Item no. 5 as a special resolution for approval of the members.

Apart from Mr. Haravtar Singh Arora, Managing Director and Mr. Ajit Pal Singh (Nephew of the Managing Director) who would be interested in his appointment and remuneration, none of the Directors or key Managerial Personnel of the Company or their respective relatives, is, in any way, deemed to be concerned or interested in the passing of this resolution.

Although the remuneration recommended to the MD is within the limits prescribed under Section I of Part – II of Schedule – V of the Companies Act, 2013, but because of the default in repayment of the Secured loans to the Banks, the approval of members as well as Central Government is required for the same, hence the following additional information as required by Section II of Part – II of the Schedule – V of the Companies Act, 2013 is given below by way of abundant caution :

**I. General Information:**

- i) Nature of Industry : The Company is engaged in the business of Hotel Industry
- ii) Date or expected date of commencement of commercial production: The Company was incorporated on 25.08.1980 as a Private Limited Company. Hence, certificate of commencement was not required.
- iii) In case of new Companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus:  
N.A
- iv) Financial performance based upon given indicators as per audited financial results for the year ended 31.03.2015:

Particulars	Rs.
Turnover	20,78,92,997
Net profit as per Profit & Loss Account	(23,29,47,028)

(after tax)	
Profit as computed as per section 197 of the Companies Act, 2013	(23,29,47,028)
Net Worth	26,77,37,818

## II. Information about the appointee :

- i) Background details :Mr. Haravtar Singh Arora, a Non- Resident Indian (NRI), joined the Board of Directors of the Company with effect from 4<sup>th</sup> August, 2006 and was appointed as a regular Director w.e.f 29<sup>th</sup> September, 2006 by the Shareholders of the Company in their Annual General Meeting. Due to resignation by Mr. Ajmair Singh Bhullar on personal reasons and considering substantial contribution to the progress & development of the Company/ Project by Mr. Haravtar Singh Arora, the Board of Directors felt that he should lead the Company. Accordingly in the meeting of the Board of Directors held on 09.04.2010, Mr. Haravtar Singh Arora was appointed as Managing Director of the Company for five years w.e.f 09.04.2010 upto 08.04.2015, not liable to retire by rotation.

Prior to his joining the Company, he has a vast experience in the field of import-export and real estate business. From 2006 onwards, he has been efficiently managing the affairs of the Company.

- ii) Past remuneration: Remuneration drawn by Mr. Haravtar Singh Arora for the period 01.04.2014 to 31.03.2015 is Rs. 125000/- per month.
- iii) Job profile and suitability: Mr. Haravtar Singh Arora , Managing Director is responsible for day-to-day management of the Company, subject to overall superintendence, control and direction of the Board of Directors. Taking into consideration his experience and expertise in Hotel Industry, the Managing Director is best suited for the current assigned role.
- iv) Remuneration proposed: There has been no change in the remuneration payable to the Managing Director from the last year and is being approved by the Remuneration and Nomination Committee and the Board of Directors of the Company to be fixed at Rs. 125000/- and has been put up for the approval of the members.
- v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Taking into consideration the size of the



Company, the profile of Mr. Haravtar Singh Arora, the responsibilities shouldered by him and the Industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in other companies.

**III. Other Information:**

- i) Reasons for loss :
  - a) Supply of rooms is more than the demand due to opening of 8-10 new hotels in 3 and 5 star category in the tricity.
  - b) Closure of big Business houses in the city.
  - c) The delay in commencement of operations has led to cost escalation.
- ii) Steps taken or proposed to be taken for improvement :
  - a) Better marketing strategies and promotional events like CCL and advertising at International Airport, Chandigarh.
  - b) Better Competitive analysis and rate offering.
- iii) Expected increase in productivity and profits in measurable terms :

The rigorous efforts are put in for the productivity increase, which can lead to 10% increase in revenue in the coming year. The figures for increase in productivity are based upon the projections and there may be variance in the actual figures.

**IV. Disclosures:**

The information and disclosures of the remuneration package of the Managerial personnel have been mentioned in the Annexure – II of the Board's Report as "Information under Section 134(3)(q) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014" for the Year ended 31<sup>st</sup> March , 2015.

**ITEM NO. 6**

At the Annual General Meeting held on 29<sup>th</sup> September, 2007, the Members had, by way of ordinary resolution and in pursuance of Section 293(1)(a) and (d) of the Companies Act, 1956 approved of borrowing monies on behalf of the Company (apart from the temporary loans obtained from the bankers in the ordinary course of business) in excess of the aggregate of the Paid up Share Capital of the Company and its free

reserves, subject to the total outstanding amount so borrowed not exceeding a sum of RS. 250 Crores at any point of time.

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the Company by a special resolution.

The Ministry of Corporate Affairs (MCA) has vide its General Circular No. 4/2014 dated March 25, 2014 clarified that the ordinary resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively.

The Directors recommend the resolution at item no. 6 for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 6.

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

Sd/-

(Puja Sharma)

Company Secretary  
Membership No. 30298

Place: Chandigarh

Date :25.08.2015

**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 DIRECTOR	Mr. Haravtar Singh Arora	Ms. Amrit Pal Bedi
DATE OF BIRTH	03.03.1959	20.09.1964
DATE OF APPOINTMENT	04.08.2006	28.03.2015
EXPERTISE IN SPECIFIC FUNCTIONAL AREA	Import export trade and real estate business	Teaching
QUALIFICATIONS	Graduation	B.A (hons.), B.Ed.
RELATIONSHIP BETWEEN DIRECTOR INTER-SE	Paternal Uncle of Mr. Ajit Pal Singh	NIL
SHAREHOLDING IN THE COMPANY	1272260	NIL
LIST OF PUBLIC COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD	NIL	NIL

PLACE: CHANDIGARH

DATE :25.08.2015

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

Sd/-

(Puja Sharma)

Company Secretary

Membership No. 30298



**DIRECTOR'S REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their 34<sup>th</sup> Annual report together with the Audited Profit And Loss Account Statement for the year ended, on 31st March, 2015 and Balance Sheet as at 31st March, 2015.

**PRESENT STATUS**

The Project has now been fully completed and operational. All the 138 rooms (including 28 rooms of the sixth floor), Swimming Pool and Hippodrome (Night Club) have now become operational.

**FINANCIAL RESULTS**

	2014-2015 (Rs. In Lacs)	2013-2014 (Rs. In Lacs)
Gross Operating Profit / (Loss) before Financial Charges & Depreciation	546.61	672.25
Less : Financial Charges	1380.06	725.71
Less : Depreciation	1492.25	959.25
Add : Exceptional Income	0.68	0.00
Net Profit / (Loss)	(2329.47)	(1012.70)

**BUSINESS OVERVIEW**

During the year under review, the Company earned Gross Operating Profit before Financial Charges and Depreciation of Rs. 546.61 Lacs as compared to Rs. 672.25 Lacs in the previous year. However, after providing for financial charges and depreciation but before tax , the Net loss is Rs. 2325.02 lacs as compared to loss of Rs. 1012.70 Lacs in the previous year. The Company is going through a rough phase and facing acute shortage of funds.

**DETAILS OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATES**

N.A

**CONSOLIDATED FINANCIAL STATEMENTS**

N.A

**PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186 :**

NIL

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

There are no contracts or arrangements with related parties entered into by the Company as referred to in Section 188(1) of the Companies Act, 2013 for the financial year 2014-15.

**AMOUNTS TRANSFERRED TO RESERVES:**

No amount has been transferred to reserves during the current financial year on account of losses incurred.

**DIVIDEND**

During the year 2014-15 the Company incurred a net loss of Rs. 2329.47 Lacs, hence your Directors have not recommended any dividend.

**TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND :**

N.A

**PUBLIC DEPOSITS**

The Company has not accepted any Public deposits under section 73 of the Companies Act, 2013. Unsecured Loans from Directors are exempt deposit in conformity with the applicable provisions of the Companies Act, 2013 & rules framed thereunder.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control system commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy to provide a mechanism for the Directors and employees to report genuine concerns about any unethical, actual or suspected fraud or violation of the Company's code of conduct. The provisions of this policy are in line with the provisions of Section 177(9) of the Act and the revised Clause 49 of the Listing Agreement. The Whistle Blower Policy can be accessed on the Company's website.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure – I.

**AUDIT COMMITTEE**

Details pertaining to the composition of Audit Committee are included in the Corporate Governance Report, which forms part of the Annual Report.

**RELATED PARTY TRANSACTIONS**

The Company has formulated a policy on dealing with RPTs which can be accessed on the Company's website. During the year under review, there had been no materially significant related party transactions which may be consider to have potential conflict with the interests of the Company.

**RISK MANAGEMENT**

Your Company is faced with risks of different types all of which need different approaches for mitigation. Details of various risks faced by the Company are provided in the Management Discussion & Analysis.

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Company has adopted a Risk Management Policy which has a framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The framework enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of risks are the probability of occurrence and the impact of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures. Existing control measures are evaluated against Critical Success factors and key performance indicators identified for those specific controls.



**DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)****Appointments**

In terms of Section 149 of the Act, the Members at their meeting held on September 30, 2014 had appointed Mr. Neeraj Mohindroo, Mr. Amit Julka and Mr. Amardeep Singh Brar as Independent Directors of the Company for a period of five years. The resolution for the appointment of Mr. Daljit Singh Sidhu had also been included in the Notice for the Annual General Meeting but because of his resignation on dated 27.09.2014, the item had not been passed by the members in the Annual General Meeting.

Ms. Amrit Pal Bedi was appointed as an Additional Director of the Company with effect from 28<sup>th</sup> March, 2015 and she holds office only upto the date of the forthcoming Annual General Meeting and is proposed to be appointed as an Independent Director of the Company for a period of five years commencing from September 30, 2015.

Mr. Haravtar Singh Arora is proposed to be re appointed as Managing Director of the Company for a period of five years with effect from 9<sup>th</sup> April, 2015 and is placed in the Notice of Annual General Meeting for approval of the shareholders.

Your approval for their appointments/ re-appointments as Directors/ MD has been sought in the Notice convening the Annual General Meeting of the Company.

In terms of Section 203 of the Act, the following were designated as KMP of your Company by the Board :

- ☐ Mr. Haravtar Singh Arora, Managing Director.
- ☐ Mr. Bharat Bhushan Goel, Chief Operating and Financial Officer.
- ☐ Ms. Puja Sharma, Company Secretary.

**Retirement/ Resignations**

Mr. Daljit Singh Sidhu and Mr. Amardeep Singh Brar, Independent Directors of the Company resigned from Directorship on dated 27<sup>th</sup> September, 2014 and 15<sup>th</sup> April, 2015 respectively.

The Board places on record their appreciation of the services rendered and the contribution made by the above named Directors during their respective tenures.

**Declaration from Independent Directors**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 stating that they meet the independence criteria as laid down in Section 149(6) of the Companies Act, 2013.

## **BOARD MEETINGS**

During the year under review, 6 Board Meetings were held and the intervening gap between the meetings did not exceed the period prescribed under the Act, the details of which are given in the Corporate Governance Report.

## **BOARD EFFECTIVENESS**

The Company has adopted the Governance guidelines which, inter alia, cover aspects related to composition and role of the Board, Chairman and Directors, Board Diversity, definition of independence, Director's term and Committees of the Board. It also covers aspects relating to the nomination, appointment, induction and development of Directors, Director Remuneration, Code of conduct, Board Effectiveness Review and mandates of Board Committees.

- A. **Criteria adopted for the appointment of Directors** The RNC is responsible for developing competency requirements for the Board level. The RNC reviews and meets the potential candidates, prior to recommending their nomination to the Board. The RNC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and Clause 49 of the Listing Agreement. The criteria for appointment of Directors is based upon Independence and Competency level.
- B. **Remuneration Policy** : The Company has adopted a Remuneration Policy for the Directors, KMP and other employees, pursuant to the provisions of the Act and Clause 49 of the Listing Agreement. The key principles for the remuneration of Independent Directors is that the Independent Directors may be paid sitting fees for attending the meetings of the Board and of Committees of which they may be members. The key principles governing the Company's remuneration policy for the Managing Director/ Executive Directors/ Key Managerial Personnel/ rest of the employees are as follows :
- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay.
  - The Company provides a fixed remuneration to MD subject to limits prescribed under Section II of Part- II of Schedule V of the Companies Act, 2013 and to the other key Managerial Personnel.
- C. **Board Evaluation**: The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirement as prescribed by

Securities & Exchange Board of India (SEBI) under Clause 49 of the Listing Agreement.

The performance of the Board was evaluated by the Board after seeking inputs from the Directors on the basis of the criteria such as the Board Composition and structures, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the Composition of the Committees, effectiveness of committee meetings, etc.

The Board and the Remuneration and Nomination Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspect of his role.

In a separate meeting of Independent Directors, performance of Non Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-Executive Directors.

#### **MANAGERIAL REMUNERATION**

Statistical disclosures pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure – II**.

#### **STATUTORY AUDITORS**

At the Annual General Meeting, the Members are requested to ratify the appointment of M/s Vasudeva & Associates, Chartered Accountants (Firm No. 022239N) as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of 35th Annual General Meeting and authorize the Board of Directors to fix their remuneration.

The report of the Statutory Auditors along with the notes to Schedules is enclosed with this report.

#### **AUDITORS' REMARKS AND BOARD'S COMMENTS**

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

S. No.	Auditor Remarks	Board's Comments
1.	Pending litigations against the	It is not practicable for the Company to

	Company.	estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above. However, the Company is taking appropriate action in respect of the pending litigations.
2.	The Company has increased Authorized Share Capital Rs. 140,000,000/- to Rs. 520,000,000/- by passing a Special Resolution dated 14 <sup>th</sup> 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 relevant Schedule of the Companies Act, 2013 and this has no effect on the financials of the Company.
3.	Defaults in repayment of dues to Banks and assignment of loans granted by State Bank of India to Asset Reconstruction Company (India) Limited. Provision for interest accrued, in absence of confirmation of balances by banks, has been made on accrual basis.	The financial position of the Company is not good and is facing acute shortage of funds due to escalation in costs on account of delay in commencement of operations.
4.	Non-payment of fee for increase in authorized share capital	The Company in the year 2011 sought the consent of shareholders for increasing the Authorized Share Capital for the purpose of issuing shares to the promoters and accordingly, the Authorized Share Capital was increased from 14 crores to 52 crores but since the very purpose of issuing shares was restrained by the Hon'ble CLB. Therefore, the Company could not pay the fees in respect of increase of Authorized Share Capital with the ROC.
5.	Provision of liability for Gratuity has been made on accrual basis; Actuarial Valuation report as	Although none of the employees qualify for the payment of gratuity as

	required under Accounting Standard – 15, has not been obtained.	per the 'The payment of Gratuity Act, 1972', yet the Company has made adequate provision for gratuity.
6.	Remuneration paid to Managing Director is subject to the approval of the Shareholders and Central Government	The tenure of the Managing Director expired on 08.04.2015. The approval of Shareholders is required for the re-appointment of the Managing Director and for fixation of the remuneration. The Remuneration paid to the Managing Director is within the limits prescribed in the Schedule V of the Companies Act, 2013. However, as per the provisions of Schedule V of the Companies Act, 2013, the approval of Central Government is also required, for which requisite action will be taken after shareholders approval.

### SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act, the Company has appointed M/s Nitin Kumar & Associates to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Secretarial Audit Report is annexed herewith as Annexure III.

The Board of Directors' comments on remarks given in the Secretarial Auditor's Report are as follows:

S. No.	Auditor Remarks	Board's Comments
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1.	Company is not maintaining Web Site as per clause 54 of listing agreement and not places the various policies as per various clauses of LA also the same has not been approved by the Board or its committee i.e. (a)Familiarization program for independent director (b) Related party transaction Policy (c) Whistle blower Policy (d) Remuneration Policy (e) Risk management Policy	The Company has adopted the various policies as per clauses of LA in its Board meeting held on 30.05.2014 and thereafter, the said policies have been placed on its website.
2.	50% of public shareholding is not in Demat form.	It is beyond the control of the Company to increase the 50% public shareholding in demat form. However, the total promoters shareholding is in demat form.
3.	Company shares are listed on Ludhiana Stock Exchange Association Ltd and Delhi Stock Exchange Ltd, but have not paid Listing fees of the Financial year 2014-15 to the said Stock Exchanges and also not complied with the requirements of Listing Agreement signed with them.	The Company has entered into agreement with Bombay Stock Exchange which has nation wide trading terminals and is complying with the agreement with BSE.
4.	Quarterly Corporate Governance Report send to Stock Exchange were not as per the format prescribed in the Listing Agreement.	The Quarterly Corporate Governance Reports have been dispatched on time as per the prescribed format except for related parties. However, related party transactions have been disclosed in the annual report.
5.	Company appointed Women Director on 28.03.2015, but the intimation of the same was made to stock exchange on 30.03.2015.	There is no specific period mentioned in the Listing agreement for the intimation of change in Directors. The intimation has to be prompt. 29 <sup>th</sup> March, 2015 being Sunday, the intimation about the appointment of women director was submitted on the next working day i.e 30.03.2015.
6.	Proceeding of the Annual General	The outcome of the Annual General

	Meeting was not send to the stock exchange as per the Clause 31A of the Listing Agreement.	Meeting was sent to the Stock Exchange along with the Scrutinizer Report on time.
7.	Notices of the Annual General Meeting were not dispatch in clear 21 days as per the requirement of Companies Act, 2013 and Listing Agreement.	Notices of the Annual General Meeting were dispatched on 08.09.2014 with a gap of more than 21 days.
8.	Company received a Notice from Lender i.e. State Bank of India in respect of the assignment of charge, but the same has not been disclosed by the company to Stock Exchange as per the Clause 36(5) of the Listing Agreement and also the it was subsequently approved by Registrar of Companies, whereas Board has not taken the note of the same at any of its Board Meeting.	The Company was in discussion with State Bank of India to withdraw this notice, therefore, the same has not been disclosed considering this as not being the price sensitive information.
9.	Financial Result Publications of the FY 2013-14, Q1, Q2 for FY 2014-15 were not submitted to Stock Exchange on time and also not published on time as per the requirement of Clause 41 of the Listing Agreement.	The Financial Results were not finalized on time due to the dispute with the lending banks.
10.	Company has not published Notice of Annual General Meeting on time	The publication about the book closure notice was duly made on time on 04.09.2014 but the notice for Annual General Meeting was made on 10.09.2014 due to the e-voting procedure.
11.	Shareholding Pattern of the Quarter ended March 2014, June 2014 and December 2014 were not submitted on time to the Stock Exchange.	The Company has dispatched the same on time but were received by the Stock Exchange with a delay of 1-2 days.
12.	Notices of the Board Meetings were not prepared as per the provisions of Section 173 of the Companies Act, 2013 (Generally Time and Place of meetings were missing)	As per the provisions of Section 173(3) of the Companies Act, 2013, a meeting of the Board may be called by giving not less than 7 days notice in writing, which has been duly given to all the Directors.

13.	Adjourned Board Meeting of 26.05.2014 held on 30.05.2014 which was not in accordance with the provisions of Section 174 of the Companies Act 2013. However all the directors gave their consent to hold such meeting on 30.05.2015.	The adjourned meeting has been fixed on 30.05.2014 on account of constraint of approval of Financial Results within 60 days as per the Clause 41 of the Listing Agreement. Also, all the Directors have given their consent for the same.
14.	Company has filed DPT 4 with ROC pursuant to Rule 20 of the Companies (Acceptance of Deposits) Rules, 2014. But auditor certificate attached thereto certify that the loan received from the promoter are exempted under rule 2(b)(xi) of the Companies (Acceptance and Deposits) Rules, 1975 and Rule 2(1)(c)(xiii) of the Companies (Acceptance of Deposits) Rules, 2014.	The Company filed DPT – 4 with the ROC for additional compliance as there was no clarity on applicability of the New Companies Act.
15.	Company has not complied with the provisions Section 196,197,198 and Schedule V of the Companies Act 2013 in the matter of Appointment and Remuneration paid to the Managing Director.	The Resolution for the appointment and remuneration has been duly passed in the Annual General Meeting for 2013-14 and with the expiration of tenure of the Managing Director on 08.04.2015, the resolution for reappointment of the Managing Director has been put up in the ensuing Annual General Meeting for the approval of the Shareholders.
16.	Company has not appointed Internal Auditor as per the requirement of Section 138 of the Companies Act, 2013	Although the Internal Auditor has been appointed by the Company from 2013-14, but the form for the appointment of Internal Auditor has not been filed with ROC., which has now been filed.
17.	Annual Return of the financial year 2013-14 is not signed by the Company Secretary of the Company.	Although the Company has employed a whole time Company Secretary, but the Annual Return of the financial year 2013-14 could not be signed by the Company Secretary of the Company due to her non-availability

		at that particular time. The same has been noted for future compliance.
18.	Annual Return filled with the Registrar is not signed as per the provisions of the Companies Act, 2013 and is also not containing the complete information of the Listing Status of the Company is Stock Exchanges.	The Return has been signed by the Authorized Signatory in original and details of principal Stock Exchange have been given in the Return.
19.	MGT 15 filled with the Registrar of Companies is not signed in accordance with the Section 121 of the Companies Act read with Rule 31 of the Act.	MGT – 15 was duly signed by two directors of the Company as the Chairman of the Company was not available in the Country during that particular time.
20.	Company has not filled resolutions as per the provisions of Section 117 and 179 of the Companies Act, 2013 for the registration of resolutions on time with the Registrar of Companies.	Some of the resolutions could not be filed on time due to delay in finalization of the accounts but the same have been filed with additional fees.
21.	Company has failed to Comply with the requirement of Rule 8 of the Chapter XXIV of the Companies Act, 2013 in respect to the filing of documents with the Registrar of Companies.	The documents have been signed by the Authorized Signatories of the Company in original and has been noted for future compliance.
22.	There are cases pending under Section 397 & 398 of the Companies Act, 1956 in Company Law Board at New Delhi.	The matter is subjudiced.
23.	Company has failed to comply with requirements of various Laws specifically applicable to the Company i.e. Registration under Weights & measures Act, Walki Talki License.	The Company has procured the Walki Talkie License and has applied for the renewal of the Registration under Weights and Measures Act.

## **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 providing Quarterly Financial Results to the Bombay Stock Exchange, besides publishing the same in newspapers for the public and members of the Company, but with delay of some days.

**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. However, due to delay in submission of financial results to the Stock Exchange, penalty has been levied by the Bombay Stock Exchange.

**DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at its workplace and has adopted a Policy on Prevention, Prohibition and Redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, the Company has not received any such complaints.

**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 Food & 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 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) FORMING PART OF THE BOARD'S 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.
6. In place of 11W Innova Lamps & 12V-50W Halogen Lamps, 12V-5W LED Lamps have been used.
7. 5 Kg Electrical Steam Boiler is used in emergency Guest Laundry to avoid excess diesel consumption.

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)	-	22.17
Total Amount (Rs. In Lakhs)	-	139.71
Rate per Unit (Rs.)	-	6.30

##### **b) Own Generation through Diesel Generator**

Units (KWH in Lakhs)	-	0.35
Units/ Litre of Diesel Oil	-	3.38
Cost / Unit (Rs.)	-	14.96

c) HSD consumed for Boilers	-	0.749
Total Cost	-	50.63

##### **2. Coal:**

Quantity (KG)	-	36993
Total Cost (Rs.)	-	887825
Average Rate (Rs. Per KG)	-	24

##### **3. LP Gas:**

Quantity (MT)	-	26
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Total Cost (Rs. In Lakhs)	-	26.35
Rate per Tonne (Rs. Per MT)	-	101332

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The Particulars regarding the Foreign Exchange Earnings and Outgo is given below :

	31 <sup>st</sup> March, 2015 Rs. In Lacs	31 <sup>st</sup> March, 2014 Rs. In Lacs
<b>EARNINGS</b>		
c) Earnings in Foreign currency	45.90	357.56
Room Rent, Banquets & other income (USD 74428.36)		
Total Earnings	45.90	357.56
<b>EXPENDITURE</b>		
a) CIF Value of Imports	00.00	15.49
b) Expenditure in Foreign currency		
- Commission , rebate & discount (USD 7725.43)	4.89	3.19
- Royalty	00.00	19.86
- Repairs & Maintenance (computers)	00.00	0.79
Total Expenditure	4.89	23.85

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, the Directors of your Company confirm that:

- i) In preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, 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.
- v) The Directors have laid down internal financial controls for the Company which are adequate and are operating effectively.
- vii) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

**ACKNOWLEDGEMENT**

The Directors express their deep sense of appreciation for the contribution made by the employees to the significant improvement in the operations of the Company.

The Directors also thank all their global stakeholders including Members, customers, lenders, vendors and the Chandigarh Administration.

By order of the Board of Directors  
for James Hotels Limited

Place: Chandigarh

Date : 25.08.2015

Sd/-  
**Haravtar Singh Arora**  
(Chairman Cum Managing Director)

DIN – 00592496

**FORM NO. MGT – 9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2015**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS :**

- i) CIN : L55101CH1980PLC004249  
ii) Registration Date : 25.08.1980  
iii) Name of the Company : James Hotels Limited  
iv) Category : Public Company Limited by Shares  
v) Sub-category of the Company : Indian Non-Government Company  
vi) Address of the Registered Office : Block No. 10, Sector – 17A,  
Chandigarh  
and contact details : Tel : 0172 – 6600000, Fax –6600001.  
vii) Whether listed Company : Yes  
viii) Name, Address and Contact details of the Registrar and Transfer Agent, if any : Skyline Financial Services P. Ltd.  
D-153A, 1<sup>st</sup> Floor, Okhla Industrial  
Area Phase – 1, New Delhi 110020.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company are as under :

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% of total turnover of the Company
1.	Accommodation Services	551	57.83
3.	Restaurant Services	561	37.00

**III. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES**

N.A

**IV.**

- i) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## Category Wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (i.e as on 01.04.2014)				No. of shares held at the end of the year (i.e as on 31.03.2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1) Indian									
a) Individual/ HUF	824840	0	824840	10.31	824840	0	824840	10.31	00.00
b) Central Govt.	0	0	0	0	0	0	0	0	00.00
c) State Govt (s)	0	0	0	0	0	0	0	0	00.00
d) Bodies Corp.	0	0	0	0	0	0	0	0	00.00
e) Banks/ FI	0	0	0	0	0	0	0	0	00.00
f) Any other	0	0	0	0	0	0	0	0	00.00
<b>Sub Total (A) (1)</b>	<b>824840</b>	<b>0</b>	<b>824840</b>	<b>10.31</b>	<b>824840</b>	<b>0</b>	<b>824840</b>	<b>10.31</b>	<b>00.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	3365430	0	3365430	42.07	3365430	0	3365430	42.07	00.00
b) Other - Individuals	0	0	0	0	0	0	0	0	00.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	00.00
d) Banks/ FI	0	0	0	0	0	0	0	0	00.00
e) Any other	0	0	0	0	0	0	0	0	00.00
<b>Sub Total (A) (2)</b>	<b>3365430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3365430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>00.00</b>
<b>Total Shareholding of Promoter/ Promoter Group (A)=(A)(1) + (A)(2)</b>	<b>4190270</b>	<b>0</b>	<b>4190270</b>	<b>52.38</b>	<b>4190270</b>	<b>0</b>	<b>4190270</b>	<b>52.38</b>	<b>00.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	00.00
b) Banks/ FI	0	1100	1100	0.010	0	1100	1100	0.01	00.00
c) Central Govt.	0	0	0	0	0	0	0	0	00.00
d) State Govt(s)	0	0	0	0	0	0	0	0	00.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	00.00
f) Insurance Companies	0	0	0	0	0	0	0	0	00.00
g) FIs	0	0	0	0	0	0	0	0	00.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	00.00
i) Others (specify)									

# JAMES HOTELS LIMITED

	0	0	0	0	0	0	0	0	00.00
	0	0	0	0	0	0	0	0	00.00
<b>Sub Total (B)(1)</b>	<b>0</b>	<b>1100</b>	<b>1100</b>	<b>0.01</b>	<b>0</b>	<b>1100</b>	<b>1100</b>	<b>0.01</b>	<b>00.00</b>
<b>2. Non- Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	290440	136600	427040	5.34	252002	136600	388602	4.86	-0.48
ii) Overseas	0	0	0	0	0	0	0	0.00	00.00
<b>b) Individuals</b>									
i) Individual shareholder holding nominal share capital upto Rs. 1 Lakh	261597	1272580	1534177	19.18	253105	1299619	1552724	19.41	00.23
ii) Individual shareholder holding nominal share capital in excess of Rs. 1 Lakh.	717410	1129800	1847210	23.09	882942	981161	1864103	23.30	00.21
<b>c) Others (specify)</b>									
i. Trusts	0	0	0	0	0	0	0	0	00.00
ii. Directors & relatives	0	0	0	0	0	0	0	0	00.00
iii. Foreign Nationals and Non Residents	0	0	0	0	0	0	0	0	00.00
iv. Clearing members	301	0	301	0.00	1150	0	1150	0.01	00.01
v. HUFs	402	0	402	0.00	2551	0	2551	0.03	00.03
<b>Sub -Total (B)(2)</b>	<b>1270150</b>	<b>2538980</b>	<b>3809130</b>	<b>47.61</b>	<b>1391750</b>	<b>2417380</b>	<b>3809130</b>	<b>47.61</b>	<b>00.00</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>1270150</b>	<b>2540080</b>	<b>3810230</b>	<b>47.62</b>	<b>1391750</b>	<b>2418480</b>	<b>3810230</b>	<b>47.62</b>	<b>00.00</b>
<b>Total (A) + (B)</b>	<b>5460420</b>	<b>2540080</b>	<b>8000500</b>	<b>100.00</b>	<b>5582020</b>	<b>2418480</b>	<b>8000500</b>	<b>100.00</b>	<b>00.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs - Public</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>00.00</b>
<b>Grand Total (A +B + C)</b>	<b>5460420</b>	<b>2540080</b>	<b>8000500</b>	<b>100.00</b>	<b>5582020</b>	<b>2418480</b>	<b>8000500</b>	<b>100.00</b>	<b>00.00</b>



## ii) Shareholding of Promoters

S. No.	Name of Promoter	Shareholding at the beginning of the year (i.e 01.04.2014)			Shareholding at the end of the year (i.e 31.03.2015)			% Change during year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Mr. Ajmair Singh Bhullar	2093170	26.16	15.00	2093170	26.16	15.00	00.00
2.	Mr. Haravtar Singh Arora	1272260	15.90	15.00	1272260	15.90	15.00	00.00
3.	Mr. Ajit Pal Singh	410455	5.13	00.00	410455	5.13	00.00	00.00
4.	Mr. Kanwaljit Singh	164181	2.05	00.00	164181	2.05	00.00	00.00
5.	Mr. Gurdit Singh	82093	1.03	00.00	82093	1.03	00.00	00.00
6.	Mr. Paramjit Singh	164611	2.06	00.00	164611	2.06	00.00	00.00
7.	Mr. Bhupinder Singh	3500	0.04	00.00	3500	0.04	00.00	00.00
	<b>Total</b>	<b>4190270</b>	<b>52.38</b>	<b>30.00</b>	<b>4190270</b>	<b>52.38</b>	<b>30.00</b>	<b>00.00</b>

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	<p>Name of the Promoter</p> <p>At the beginning of the year</p> <p>Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/ bonus/ sweat equity etc.)</p> <p>At the end of the year</p>	No Changes			

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	Folio No. / Client Id	Name	No. of shares at the beginning(01.04.2014)/ end of the year (31.03.2015)		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
			No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	6491	Sarabjeet Singh	176500	2.21	31/03/2014				
						0	No movement		
			176500	2.21	31/03/2015			176500	2.21
2.	IN30088 8132977 42	Surinder Kumar Madan	132900	1.66	31/03/2014				
					20/06/2014	20100	Purchase	153000	
					10/10/2014	15500	Purchase	168500	
			168500	2.11	31/03/2015			168500	2.11
3.	IN30177 4107767 35	Vikas Garg	119700	1.50	31/03/2014				
			145700	1.82	31/03/2015			145700	1.82
4.	1204790 0000714 60	Kanwaljeet Kaur	80500	1.01	31/03/2014				
					13/06/2014	5500	Sale	75000	0.94
					20/06/2014	9500	Sale	65500	0.82
					04/07/2014	15000	Sale	50500	0.63
					18/07/2014	15000	Sale	35500	0.44
					29/08/2014	35500	Sale	0	0.00
					05/09/2014	35500	Purchase	35500	0.44
					17/10/2014	10000	Sale	25500	0.32
					06/03/2015	133	Purchase	25633	0.32
					27/03/2015	91100	Purchase	116733	1.46
			116733	1.46	31/03/2015	116733		116733	1.46
5.	IN20177	Northland	110000	1.37	31/03/2014				

# JAMES HOTELS LIMITED

	4160163 86	Avenues							
			110000	1.37	31/03/2015	0	No movement	110000	1.37
6.	6494	Jasjeet Singh	93700	1.17	31/03/2014				
			93700	1.17	31/03/2015	0	No movement	93700	1.17
7.	6300	Sandhu Resorts Private Limited	93500	1.17	31/03/2014				
			93500	1.17	31/03/2015	0	No movement	93500	1.17
8.	IN30011 8100087 67	Vijay Trehan	65360	0.82	31/03/2014				
					04/04/2014	136	Purchase	65496	0.82
					20/06/2014	600	Purchase	66096	0.83
					18/07/2014	4650	Purchase	70746	0.88
					08/08/2014	21000	Purchase	91746	1.15
					12/12/2014	49	Purchase	91795	1.15
			91795	1.15	31/03/2015			91795	1.15
9.	6492	Navpreet	79400	0.99	31/03/2014				
			79400	0.99	31/03/2015	0	No movement	79400	0.99
10.	6496	Kamaljit Singh	76500	0.96	31/03/2014				
			76500	0.96	31/03/2015	0	No movement	76500	0.96

## Shareholding of Directors and Key Managerial Personnel

Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Haravtar Singh Arora	1272260	15.90	1272260	15.90
Ajit Pal Singh	410455	5.13	410455	5.13

v) **Indebtedness of the Company including interest outstanding/ accrued but not due for payment :**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	924,626,275	42,863,268	NIL	967,489,543
Change in indebtedness during the financial year	126220849	(19,700,564)	NIL	
Indebtedness at the end of the financial year	1,050,847,124	23,162,704	NIL	1,074,009,828

vi) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole Time Directors and/or Manager :**

Rs. in Lacs

S. No.	Particulars of Remuneration	Haravtar Singh Arora as Managing Director and Chairman	Total
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15.00	15.00
	Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	Nil	Nil
	c) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity		Nil
4.	Commission	Nil	Nil
	a) as % of profit		
	b) others, specify		
5.	Others, please specify	Nil	Nil
	Total	15.00	15.00

The remuneration paid to MD is within the limits prescribed under Schedule V of the Companies Act, 2015, duly recommended by the Remuneration and Nomination Committee and the Board of Directors but is subject to the approval of the shareholders in the forthcoming Annual General Meeting and the Central Government.

B. **Remuneration to other Directors :**

## Independent Directors

S. No.	Name	Fees for attending Board/ Committee Meetings	Total Managerial Remuneration	Overall ceilings
1	Neeraj Mohindroo	145000	145000	As Per Act
2	Amit Julka	150000	150000	As Per Act
3	Daljit Singh Sidhu	20000	20000	As Per Act
4	Amardeep Singh Brar	40000	40000	As Per Act
		355000	355000	

## C. Remuneration paid to Key Managerial Personnel other than MD/Manager/ WTD

S. No.	Particulars of Remuneration	Mr. B.B Goel Chief Operating and Financial Officer	Ms. Puja Sharma Company Secretary
1.	Gross Salary	946250.00	315000.00
	c) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.00	0.00
	d) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	0.00	0.00
	e) Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	0.00	0.00
2.	Stock Option	0.00	0.00
	Total	946250.00	315000.00

## vii) Penalties/ Punishment/ Compounding of Offences :

No Penalties/ Punishment has been levied on the Company, Directors or officers in default under Companies Act, 2013 during the current financial year under review and no compounding of offences has been done during the current financial year

## ANNEXURE – II

### Particulars of Employees

**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(g) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- a. The ratio of the Remuneration of each Director to the median Remuneration of the employees of the Company for the financial year.
- b. The percentage increase in Remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year.
- c. Comparison of the Remuneration of each Key Managerial Personnel against the performance of the Company

Whole Time Directors and KMPs	Remuneration in 2014-15 (Rs. in Lakhs)	Remuneration in 2013-14 (Rs. in Lakhs)	% increase of remuneration in 2015 as compared to 2014	Ratio to median Remuneration	Ratio of 2014-15 Remuneration to	
					Revenue	Profit
Mr. Haravtar Singh Arora – MD	15.00	7.50 (remuneration paid @ Rs. 125000/- for 6 months w.e from 01.10.2013)	No increase	6.68	0.72	(0.64)
Mr. B.B Goel – Chief Operating and Financial Officer	9.46	0.00	NA (as appointment was with effect from 30.05.2014)	10.58	0.46	(0.41)
Ms. Puja Sharma – Company Secretary	3.15	2.51	25.49	31.79	0.15	(0.14)

**Independent Directors :** The Independent Directors are only paid sitting fees for attending Board and Committees Meetings of which they may be members.

- d. The Percentage increase in the median remuneration of employees in the financial year was 16.63
- e. The number of permanent employees on the rolls of the Company were 192 in number.
- f. The explanation towards the relationship between average increase in remuneration and Company Performance.  
In view of the business performance, the Company did not undertake any major salary revision in favour of the employees. The overall percentage increase of 6.17



has been primarily provided to offset the inflation cost and increase in cost of living expenses.

**g. Comparison of the Remuneration of the Key Managerial Personnel with regard to the performance of the Company :**

Particulars	Rs. in Lakhs
Aggregate Remuneration of KMP in 2014-15	27.61
Full Year Revenue	2078.93
% to Revenue	1.33
Profit before Tax and Exceptional items	(2325.02)
% to above	(1.19)

- h.** Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

The market capitalization of the Company as at March 31, 2015 is Rs. 39.44 Crores against Rs. 23.92 Crore as at March 31, 2014, an increase of 65% during the year under review.

The Last public offer for the shares of the Company was an offer for acquisition of shares in 2006, for 1600100 equity shares of the Company at a price of Rs. 18 per fully paid up share.

- i.** Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year is 3.44 and percentile increase in Managerial Remuneration is 20.
- j.** The key parameters for any variable component of remuneration availed by the Directors.

Independent Directors :

The sitting fees to the Independent Directors is paid on the basis of number of meetings of the Board and the Committees of the Board attended.

- k.** The ratio of the Remuneration of the highest paid Director to that of the employees who are not Directors but receive Remuneration in excess of the highest paid Director during the year :

Highest Paid Director is the Managing Director of the Company. The Highest paid employee is the General Manager whose remuneration is more than the remuneration of the Managing Director and the ratio of remuneration of Managing Director to that of the General Manager is 0.69.

- l.** It is affirmed that the Remuneration is as per Remuneration Policy for Directors, Key Managerial Personnel and other employees adopted by the Company.

**ANNEXURE – III**

**Secretarial Audit Report**

(For the period 01/04/2014 to 31/03/2015)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Board of Directors  
James Hotels Limited  
CIN L55101CH1980PLC004249  
Chandigarh

Dear Sir(s)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s James Hotels Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **M/s James Hotels Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on **31/03/2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **James Hotels Limited** ("**the Company**") for the financial year ended on **31/03/2015** according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, (1956 '**SCRA**') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company :-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- Vi) Based on the representation made by the Company and its officers, the Company has proper system and process in place for compliance under the other applicable Laws, Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:-
- i. Labour Laws and other incidental Laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;
  - ii. Acts prescribed under prevention and control of pollution.
  - iii. Acts prescribed under environmental protection
  - iv. Chimney under Smoke Nuisance Act,
  - v. Copyrights Act, 1957
  - vi. Food Safety and Standard Act, 2006
  - vii. Luxury Tax License
  - viii. Legal Metrology Act, 2009
  - ix. Hazardous Waste (Management, Handling and Trans boundary Movement) Rules, 2008

**We have also examined compliance with the applicable clauses of the following:**

- i) The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.
- ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited, Ludhiana Stock Exchange Association Limited and Delhi Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above **subject to the following observations/qualifications:-**

1. Company is not maintaining Web Site as per clause 54 of listing agreement and not places the various policies as per various clauses of LA also the same has not been approved by the Board or its committee i.e. (a) Familiarization program for independent director (b) Related party transaction Policy (c) Whistle blower Policy (d) Remuneration Policy (e) Risk management Policy
2. 50% of public shareholding is not in Demat form.
3. Company shares are listed on Ludhiana Stock Exchange Association Ltd and Delhi Stock Exchange Ltd, but have not paid Listing fees of the Financial year 2014-15 to the said Stock Exchanges and also not complied with the requirements of Listing Agreement signed with them.
4. Quarterly Corporate Governance Report send to Stock Exchange were not as per the format prescribed in the Listing Agreement.
5. Company appointed Women Director on 28.03.2015, but the intimation of the same was made to stock exchange on 30.03.2015.
6. Proceeding of the Annual General Meeting was not send to the stock exchange as per the Clause 31A of the Listing Agreement.
7. Notices of the Annual General Meeting were not dispatch in clear 21 days as per the requirement of Companies Act, 2013 and Listing Agreement.
8. Company received a Notice from Lender i.e. State Bank of India in respect of the assignment of charge, but the same has not been disclosed by the company to Stock Exchange as per the Clause 36(5) of the Listing Agreement and also the it was subsequently approved by Registrar of Companies, whereas Board has not taken the note of the same at any of its Board Meeting.
9. Financial Result Publications of the FY 2013 14, Q1, Q2 for FY 2014 15 were not submitted to Stock Exchange on time and also not published on time as per the requirement of Clause 41 of the Listing Agreement.
10. Company has not published Notice of Annual General Meeting on time
11. Shareholding Pattern of the Quarter ended March 2014, June 2014 and December 2014 were not submitted on time to the Stock Exchange.
12. Notices of the Board Meetings were not prepared as per the provisions of Section 173 of the Companies Act, 2013 (Generally Time and Place of meetings were missing)
13. Adjourned Board Meeting of 26.05.2014 held on 30.05.2014 which was not in accordance with the provisions of Section 174 of the Companies Act 2013. However all the directors gave their consent to hold such meeting on 30.05.2014.
14. Company has filed DPT 4 with ROC pursuant to Rule 20 of the Companies (Acceptance of Deposits) Rules, 2014. But auditor certificate attached thereto certify that the loan received from the promoter are exempted under rule 2(b)(xi) of the Companies (Acceptance and Deposits) Rules, 1975 and Rule 2(1)(c)(xiii) of the Companies (Acceptance of Deposits) Rules, 2014.
15. Company has not complied with the provisions Section 196, 197, 198 and Schedule V of the Companies Act 2013 in the matter of Appointment and Remuneration paid to the Managing Director.
16. Company has not appointed Internal Auditor as per the requirement of Section 138 of the Companies Act, 2013
17. Annual Report of the financial year 2013-14 is not signed by the Company Secretary of the Company.
18. Annual Return filed with the Registrar is not signed as per the provisions of the Companies Act, 2013 and is also not containing the complete information of the Listing Status of the Company is Stock Exchanges.
19. MGT 15 filed with the Registrar of Companies is not signed in accordance with the Section 121 of the Companies Act read with Rule 31 of the Act.
20. Company has not filed resolutions as per the provisions of Section 117 and 179 of the Companies Act, 2013 for the registration of resolutions on time with the Registrar of Companies.

21. Company has failed to Comply with the requirement of Rule 8 of the Chapter XXIV of the Companies Act, 2013 in respect to the filing of documents with the Registrar of Companies.
22. There are cases pending under Section 397 & 398 of the Companies Act, 1956 in Company Law Board at New Delhi.
23. Company has failed to comply with requirements of various Laws specifically applicable to the Company i.e. Registration under Weights & measures Act, Walki Taiki License.

**2. We further report that**

- \_ The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- \_ Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- \_ Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**FOR NITIN KUMAR & ASSOCIATES,  
COMPANY SECRETARIES**

Sd/-  
**NITIN KUMAR,**  
**ACS**

**COMPANY SECRETARY**  
**CP No. 14116**

**Place: Chandigarh**  
**Dated:25/08/2015**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:****ECONOMIC OVERVIEW**

The Indian Economy in 2014-15 has emerged as one of the largest economies with a promising economic outlook on the back of controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and reforms among others. The macroeconomic situation in India has improved significantly in the current year. Also, acceleration in services and manufacturing growth in the face of subdued global demand conditions point to the strengthening of domestic demand. However, concerns surrounding the construction and mining activities still exist. Agriculture also suffered due to poor monsoon but there are no indications of its spill over to the next year. The Prime Minister has made the revival of Indian manufacturing a top priority, reflected in his 'Make In India' campaign and slogan that aims to transform India into a manufacturing hub.

A number of initiatives have been undertaken by the Government to boost the industrial growth like ease of doing business by liberalizing the licensing and deregulation of large number of defence products, E-biz Project and setting up of a new Ministry of Skill development and Entrepreneurship.

The services sector is the most dominant sector in most states of India with a share of more than 40 percent in the gross state domestic product (GSDP) in 2013-14 except for Arunachal Pradesh and Sikkim. Chandigarh is at the top with a share of 88.4 percent followed by Delhi with 87.7 percent. The major activities in most of the states with high share are trade, hotels and restaurants followed by real estate, ownership of dwellings and business services.

**HOSPITALITY AND TOURISM INDUSTRY**

For the last few years, the Indian tourism sector and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. It has been one of the largest service industries in the Country in terms of its contribution to the GDP and Foreign exchange Earnings by generating employment, a source of foreign exchange for the Country and an economic activity that helps local and host communities. The Foreign Tourist Arrivals has steadily grown in the last three years and has reached around 7.46 million during the period from January 2014 to December 2014.

A number of initiatives undertaken by the Government of India for the promotion of Tourism are initiation of project 'Mausam' and mobile application 'The Incredible India', extension of Visa on arrival to 150 Countries from current 43 countries and setting aside Rs. 500 crore for the first phase of the National heritage city development and Augmentation Yojana.

**PRESENT STATUS**

The Project has now been fully completed and operational. All the 138 rooms (including 28 rooms of the sixth floor), Swimming Pool and Hippodrome (Night Club) have now become operational.

**FINANCIAL PERFORMANCE**

	(Rs.in Lacs)	(Rs.in Lacs)
	2014 -15	2013-14
Revenue	2078.93	2247.61
Total Revenue	2078.93	2247.61
Total Expenditure	4404.63	2301.06
Depreciation	4404.63	959.25
Exceptional items	0.68	
		-----
Gross Profit/(Loss) before Tax	(2325.02)	(1012.70)
Provision for Income Tax	4.45	0.00
Surplus/(Deficit)	(2329.47)	(1012.70)

## RESERVE & SURPLUS

During the year under review there has been no changes in the capital reserve of the Company which stands as Rs. 6,01,000/-.

## SECURED LOANS

The total amount of secured loans availed by the Company is Rs. 10508.47 Lacs including vehicle loan of Rs. 10.73 Lacs. The secured loans other than vehicle loans are availed from State Bank of India, Punjab National Bank and United Bank of India.

## FIXED ASSETS NET BLOCK

The Net Block of Fixed Assets decreased from Rs. 148,30.59 lacs to Rs. 133,55.71 lacs during the Financial Year ended on 31<sup>st</sup> March, 2015.

## INVESTMENTS

The Company has not made any investments during the year.

## NET CURRENT ASSETS

The Net Current Assets has decreased from Rs. 645.17 Lacs to Rs. 506.25 Lacs during the current Financial year ended on 31<sup>st</sup> March, 2014.

## RESULTS OF OPERATIONS

The Company has earned revenue of Rs. 2078.93 lacs during the Year. The loss for the year is

Rs. 2329.47 Lacs as compared to loss of Rs.1012.70 Lacs in the previous year. The Company cannot recommend dividend due to losses.

### **RISKS , CONCERNS AND THREATS**

Hotels form one of the most important support service that affect the arrival of tourist to a country. With the rapid growth in domestic tourism and India becoming a preferred travel destination for international tourists and the proposed new visa policy, the outlook for the travel and tourism industry will be positive in 2016. The strengths of the industry includes that India is one big package of culture and legend that never fails to captivate the imagination of the visitor. It provides vast natural and cultural diversity, the manpower costs in the Indian hotel industry is reasonable in the World. The peak season in the Country is from October to March. Over the long term , the hotel industry has growth potential.

As regards the overview of hotel industry in Chandigarh, the empty rooms in three and five star categories are forcing to look at the meeting, incentive, conference and exhibition (MICE) segment of the tourism industry to sustain their business. The city has over 600 and 1300-1500 rooms in the three and five star categories respectively. The proposed expansion of IT Park had prompted many hotels to expand but due to problems over land acquisition, the growth of IT Sector has been stalled. Now, there are more rooms in the hotels than there is demand for them,

Tourists also have second thoughts about visiting India because of the political turbulence and negative publicity. The Government has to focus on infrastructure development with which the travel and tourism industry is expected to receive a major boost.

### **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 2015-16**

During 2015, the industry's contribution to global GDP is expected to grow by 3.7% and employment by 2.6%. By the end of 2015, the Travel and Tourism sector will contribute 10% of the global GDP. The sector is estimated to account for 284 million jobs, representing 9.5% of total employment.

The key drivers for international travel demand growth to India include the easier visa regime, Swachh Bharat Abhiyan, Make in India and other similar initiatives which are expected to build a positive global image for the Country and will have a long term impact for the travel and tourism industry. WTTC predicts that the travel and tourism industry in India will grow by 7.5% in 2015. This demonstrates the sector's enduring ability to generate economic growth, as the GDP is also targeted to increase by 7.5% in 2015-16. By the end of 2015, the travel and tourism sector will contribute 7% of India's GDP and generate 37.4 million jobs more than 1.8% of those generated in 2014.

### **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.

The Internal Auditors of the Company had conducted exhaustive internal audits pertaining to all operational areas and their reports were placed before the Audit Committee for its review and recommendations.

## **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 always strives to retain the best talent as per its remuneration policy. The Company has workforce of

197 employees.

## **CAUTIONARY STATEMENTS**

Statements in the Management Discussion and Analysis are based on information available on different 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.

**CORPORATE GOVERNANCE REPORT**

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

**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.

The status of compliance of the Company with Clause 49 of the Standard Listing Agreement for the Financial Year 2014-15 is enumerated herein below

**BOARD OF DIRECTORS**

**Composition of the Board**

The Board consisted of six Directors as on 31<sup>st</sup> March, 2015. The Board comprised of two Promoter Directors and four non -executive Independent Directors as on 31st March, 2015.

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

During the Year 2014-15, the Board met **six** times on 30.05.2014, 12.08.2014, 03.10.2014, 14.11.2014, 12.02.2015 and 28.03.2015. 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 2014-15 are given hereunder :

Name	Category	Board Meeting		AGM Attendance	No. of other Directorship in Outside Companies	No. of other Committees position held in Outside Companies	other Member Chairman
		attendance during tenure of directorship	Held Attended				
Mr. Haravtar Singh Arora	Promoter & Managing Director	6	4	Yes	-	-	-
Mr. Neeraj Mohindroo	Non- Executive & Independent Director	6	6	Yes	-	-	-
Mr. Ajit Pal Singh	Promoter Director	6	6	Yes	-	-	-
Mr. Daljit Singh Sidhu	Non- Executive & Independent Director	6	1	Yes	6	-	-
Mr. Amit Julka	Non- Executive & Independent Director	6	6	Yes	-	-	-
Mr. Amardeep Singh Brar	Non- Executive & Independent Director	6	2	Yes	1	-	-

Ms. Amrit Pal Bedi	Non-Executive & Independent Director	6	1	No	—	—	—
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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.

Mr. Daljit Singh Sidhu had resigned from Directorship on 27.09.2014.

Mr. Amardeep Singh Brar had resigned from Directorship on 15.04.2015.

#### **Details of Directors proposed to be appointed/re-appointed**

**1. Mr. Haravtar Singh Arora**, aged 56 years, is a Non resident Indian (NRI) joined the Board of Directors of the Company with effect from 04.08.2006. He has also served as Managing Director of the Company for five years from 09.04.2010 to 08.04.2015. He is a Promoter Director of the Company having experience in import export trade and real estate business. He holds 1272260 Equity Shares of the Company.

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

**2. Ms. Amrit Pal Bedi**, aged 50 years, is B.Ed, B.A(hons) with 18 years of experience in the field of teaching. She is a non-executive and independent director of the Company. She is neither a member nor chairman of any committee in any other Company. She is not holding any equity Shares of the Company.

Ms. Amrit Pal Bedi was appointed as an Additional Director of the Company with effect from 28.03.2015 and she holds office only upto the date of the forthcoming Annual General Meeting and is proposed to be appointed as an Independent Director of the Company for a period of five years commencing from September 30, 2015. Your Board recommends her appointment for your approval.

**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.

**Independent Directors :**

As on 31<sup>st</sup> March , 2015, there are four Independent Directors in the Board of the Company. None of the Independent Directors are promoters or related to promoters of the Company. They do not have any pecuniary relationship with the Company and also do not hold any shares of the Company.

Every Independent Director of the Company in the first Board meeting in which he/ she participates as a Director of the Company and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/ she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013. The maximum tenure of the Independent Directors is in accordance with the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Board Evaluation :** The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirement as prescribed by Securities & Exchange Board of India (SEBI) under Clause 49 of the Listing Agreement.

The performance of the Board was evaluated by the Board after seeking inputs from the Directors on the basis of the criteria such as the Board Composition and structures, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the Composition of the Committees, effectiveness of committee meetings, etc.

The Board and the Remuneration and Nomination Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition, the Chairman was also evaluated on the key aspect of his role.

In a separate meeting of Independent Directors, performance of Non Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non Executive Directors.

**Independent Directors Meeting:**

During the year under review, the Independent Directors met on November 13, 2014 to discuss

1. Evaluation of the performance of Non- Independent Directors and the Board of Directors as a whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of Executive and Non- Executive Directors of the Company;
3. Evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

**Familiarization Programme**

Your Company follows a structured orientation and familiarization programme through various reports/ codes/ internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board meetings on business and performance, long term strategy, initiatives, etc. The details of familiarization programme have been placed on Company's website [www.jameshotels.in](http://www.jameshotels.in)

**Code of Conduct for prohibition of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company in accordance with the SEBI(Prohibition of Insider Trading) Regulations, 2015, which is applicable from 30<sup>th</sup> May, 2015 and also placed in Company's website [www.jameshotels.in](http://www.jameshotels.in). The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale

of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

**Vigil Mechanism / Whistle Blower Policy**

Your Company has established a Vigil Mechanism / Whistle Blower Policy to enable stakeholders to report unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Policy provides adequate safeguards against victimization. The Whistle Blower Policy has been placed on the Company's Website [www.jameshotels.in](http://www.jameshotels.in).

**Committees of the Board**

Your Company has following Board level Committees :

1. Audit Committee
2. Shareholders Grievance Committee
3. Remuneration and Nomination Committee

**1. AUDIT COMMITTEE:**

As on 31<sup>st</sup> March, 2015, the Audit Committee comprised of Mr. Neeraj Mahindroo, Chairman and Mr. Amit Julka, Mr. Haravtar Singh Arora, Mr. Amardeep Singh Brar, Members. Mr. Neeraj Mahindroo possesses required financial and accounting knowledge. Chairman of Audit Committee was present at the Annual General Meeting.

**Meetings Held during the Year**

During the financial year 2014-15, 4 (four) meetings of the Audit Committee were held on 30.05.2014, 12.08.2014, 14.11.2014 and 12.02.2015.

**Attendance Details**

Name of Director	Category	Number of meetings Held during membership	Number of meetings attended
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Mr. Neeraj Mahindroo (Chairman)	Non-Executive and independent	4	4
Mr. Amit Julka (Member)	Non-Executive and independent	4	4
Mr. Harvatar Singh Arora (Member)	Promoter and Executive	4	3
Mr. Amardeep Singh Brar *	Non-Executive and Independent	4	1

**\*Mr. Amardeep Singh Brar has resigned from directorship with effect from 15.04.2015.**

## 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 177 of the Companies Act, 2013 and areas under:

- \* Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- \* Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- \* Reviewing with management the annual financial statements before submission to the Board focusing primarily on:
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumptions.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with Promoters or the management, their subsidiaries or relatives. 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 issue expected 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 a shave post-audit discussion to ascertain any area of concern.
  - \* Reviewing the Company's financial and risk management policies.
  - \* To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 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.

## **2. REMUNERATION AND NOMINATION COMMITTEE**

As on 31<sup>st</sup> March 2015, the remuneration and Nomination Committee of the Company comprises of two Independent Directors namely Mr. Amardeep Singh Brar and Mr. Amit Julka and one Promoter Director Mr. Ajit Pal Singh.

The terms of reference and the powers of the Remuneration and Nomination Committee are inconformity with the provisions of clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013 including Remuneration Policy of the Company.

### **Remuneration Policy**

The Board on the recommendation of the Remuneration and Nomination Committee formulated the policy relating to the remuneration of the Directors, key managerial personnel and other employee in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement.

During the year, 3 meetings of the Committee were held which were attended by all the members.

Independent Directors are being paid Sitting Fees of Rs. 10,000/- for each Board Meeting and of Rs. 5000/- for each Committee Meetings. The Details of Sitting fees paid(excluding Service tax)to the Independent Directors during the year 2014-15 are as

under :

Sr.	Name of Director	Sitting Fee Paid for(Rs)	
		Board Meetings	Committee Meetings
1	Mr. Amit Julka	60,000	90,000
2	Mr. Daljit Singh Sidhu	10,000	10,000
3	Mr. Neeraj Mahindroo	60,000	85,000
4	Mr. Amardeep Singh Brar	20,000	20,000
	Total	1,50,000	2,05,000

### 3. SHAREHOLDER'S/INVESTORS GRIEVANCE COMMITTEE

#### Composition

The Shareholders / Investor's grievance committee of the Board presently comprises of three Directors namely Mr. Amit Julka (Chairman), Mr. Neeraj Mohindroo and Mr. Ajit Pal Singh, Members of the Committee.

#### 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 acting as Registrar and Transfer Agent of the Company.

#### Meetings

Thirteen meetings of the Shareholders/ Investors Grievance Committee were held during the F.Y 2014-15. The Attendance of each member at the SIGC meeting held during the Year:

Name of Director	Category	Number of meetings during	Number of meetings held	Number of meetings attended
Mr. Amit Julka (Chairman)	Non-Executive and independent Director	13	13	13
Mr. Daljit Singh Sidhu * (Member)	Non-Executive and independent Director	13	0	0
Mr. Ajit Pal Singh (Member)	Promoter and Director	13	13	13
Mr. Neeraj Mohindroo (Member)	Non-Executive and independent Director	13	13	13

\*Mr. Daljit Singh Sidhu resigned from Directorship with effect from 27.09.2014.

The Status of Complaints Received, Replied / Resolved by the Company during the financial year 2014-15 is given below :

S. No.	Nature of Complaint	Received	Resolved/ Replied
1	Others	0	0
	Total	0	0

## GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time	No. of Special resolutions passed

2013-14	Indira home, Sector-24-B, Chandigarh	Holiday	30-09-2014	10 A.M	2
2012-13	Indira home, Sector-24-B, Chandigarh	Holiday	30-09-2013	10 A.M	NIL
2011-12	Indira home, Sector-24-B, Chandigarh	Holiday	28-09-2012	10 A.M	NIL

b) No Extra Ordinary General Meetings of the members was held during the year 2014-15.

**c) POSTALBALLOT**

No Resolution was passed through postal ballot during the Financial Year ended 31.03.2015.

**DISCLOSURES**

**i) Related Party Transactions :**

In compliance with Accounting Standard – 18 and the Companies Act, 2013, the disclosures in respect of Related Party and transactions pertaining to related parties are given under Notes to Accounts to the Balance sheet as at 31<sup>st</sup> March, 2015 and the Profit & Loss Account for the Period ended on that date.

The Policy on Related Party Transactions is placed on Company's website [www.jameshotels.in](http://www.jameshotels.in)

**ii) Accounting Treatment :**

Suitable disclosures have been made in the Financial Statements, together with the Management's explanation in the event of any treatment being different from that prescribed under Accounting Standards 29.

**iii) Management :**

Management Discussion and Analysis Report comprising of all information as prescribed under clause 49 (VIII)(D) of the Listing Agreement forms part of the Annual Report.

**iv) Conflict of Interest :**

Disclosures have been made by the Senior Management relating to all material, financial and commercial transactions with personal interests, if any. Based on the declarations made, no transaction was in conflict with the interest of the Company.

**v) CEO/CFO Certification :**

Mr. Bharat Bhushan Goel was appointed as CFO of the Company pursuant to the provisions of the Companies Act, 2013 on 30<sup>th</sup> May, 2014.

The Chairman and Managing Director and CFO of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49(X) of the Listing Agreement. The annual certificate given by the Chairman and the Managing Director and CFO is published in this report.

**vi) Compliance with mandatory requirements & Details of Non Compliances**

During the year under review, there has been no instance of non-compliance with any matter related to capital markets except the non-filing of Form 5 to ROC for increase in Authorized Share Capital and delay in submission in certain cases of some days and penalty was levied by Stock Exchange for delay in filing under Clause 41 of the Listing Agreement.

**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. However, there was delay in submission and publication of financial results for three quarters.

**GENERAL SHAREHOLDER'S INFORMATION:****i) Annual General Meeting**

Date : Wednesday, 30<sup>th</sup> September, 2015  
Time : 11.00 A.M.  
Venue : INDIRA HOLIDAY HOME, Sector-24-B, Chandigarh

**ii) Financial Calendar**

Financial Year : 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015

## Financial Calendar for the year 2015-16

Results for quarter ending 30 <sup>th</sup> June, 30 <sup>th</sup> September, 31 <sup>st</sup> 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 21<sup>st</sup> September, 2014 to 30<sup>th</sup> September, 2014 (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.

### vi) Market Price Data

MONTH	OPEN	HIGH	LOW	CLOSE	VOLUME
APRIL, 2014	28.45	31.00	24.00	24.00	1,110
MAY, 2014	23.00	24.70	22.00	24.50	2,537
JUNE, 2014	24.55	35.15	24.55	28.20	23,404
JULY, 2014	28.20	31.75	27.50	29.25	36,180
AUGUST, 2014	30.70	33.00	27.55	29.80	21,100
SEPT., 2014	28.55	33.20	27.25	31.50	6,097
OCT, 2014	30.70	51.20	30.70	38.50	7,082
NOVEMBER, 2014	36.60	48.00	34.20	36.55	17,377

DECEMBER, 2014	38.30	40.25	27.10	27.10	4,133
JANUARY, 2015	26.00	28.50	19.00	25.50	2,922
FEBRUARY, 2015	26.75	39.30	26.75	33.00	3,866
MARCH, 2015	32.35	49.30	32.35	49.30	18,766

## VII) Compliance Officer

Ms Puja Sharma, Company Secretary

Contact No. : 0172-6600053

## VIII) Registrar and Transfer Agents (RTA)

M/s Skyline Financial Services Private Limited has been acting as the Registrar and Transfer Agent of the Company .

## 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 shareholding

By ownership, as on 31<sup>st</sup> March, 2015

Category	No. of Shares Held	%age of Shareholding
A. Promoters Holding		
1. Indian Promoters		
Foreign Promoters		42.07%

2. Person acting in concert		
Relatives/Friends & Associates		10.31%
	8,24,840	
Sub Total	4190270	52.38%
B Non-Promoters Holding		
3 Institutional Investors	1100	0.01%
Others		
a Private Corporate Bodies	388602	4.86%
b Indian Public	3420528	42.75%
Sub Total	38,10,230	47.62%
Grand Total	80,00,500	100.00%

### Distribution of shareholding as on 31<sup>st</sup> March, 2015

No. of Share	No.	of % of share	No. of Share	Voting strength(%)
Upto 500	2145	71.00	585291	7.32
501 to 1000	581	19.23	440261	5.50
1001 to 2000	182	6.02	284267	3.55
2001 to 3000	23	0.76	57198	0.71
3001 to 4000	11	0.36	40500	0.51
4001 to 5000	12	0.40	53123	0.66
5001 to 10000	19	0.63	138703	1.73
10001 & above	48	1.59	6401157	80.01
Total	3021	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, 55,82,020 Equity Shares representing 69.77% of the paid-capital have so far been dematerialized by investors up to 31<sup>st</sup> March, 2015.

**XII. Investor's Grievances**

The company has constituted a Shareholder's/Investor Grievance's Committee to look into and redress shareholders and investors complaints.

**Designated Email Id for handling investors grievances**

[csjameshotel@gmail.com](mailto:csjameshotel@gmail.com)

**XIII) Registered Office**

Block10, Sector17-A, Chandigarh-160017

**Address for Correspondence**

Block10, Sector17-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, 1<sup>st</sup> Floor, Phase-1, Okhla Industrial Area,  
New Delhi – 110020.'

Ph: 011-26812683, Fax : 011-26812682

E-mail: [admin@skylinert.com](mailto:admin@skylinert.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 31<sup>st</sup> March, 2015.

**For JAMES HOTELS LIMITED**

**Sd/-**

**(Haravtar Singh Arora)**

**Chairman cum Managing Director**

**DIN - 00592496**

**DATE : 25.08.2015**

**Place: Chandigarh**

**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, 2015 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, 2015 which are fraudulent, illegal or violative of the company's Code of Conduct.
4. We accept the responsibility for establishing and maintaining internal controls for financial reporting. we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and Audit committee those deficiencies in the design or operation of such internal controls of which, we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the auditors and the audit Committee:
  - (a) there have been no significant changes in internal control over financial reporting during the year.
  - (b) there have been no significant changes in accounting policies during this year.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the company's internal control systems over financial reporting.

PLACE : CHANDIGARH  
DATE : 25<sup>th</sup> August, 2015

Sd/-  
( Bharat Bhushan Goel )  
Chief Financial Officer

**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 31<sup>st</sup> March, 2015 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.

Sd/-

Place : Chandigarh

(Meena Rohilla)

Date : 25.08.2015

Practising Company Secretary  
CP No. 9363

## INDEPENDENT AUDITORS' 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 31<sup>st</sup> March, 2015, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.
  2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgement and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.
  4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
  5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.
6. Attention is invited to the following points of Note '4' of the financial statements.
    - i) Note 4.1 - pending litigations against the Company.
    - ii) 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 14<sup>th</sup> December, 2011 by way of postal ballot; however, the exact number of Equity Shares & Preference shares has not been specifically classified.
    - iii) Note 4.5 - defaults in repayment of dues to banks and assignment of loans granted by State Bank of India to Asset Reconstruction Company (India) Limited. Provision for interest accrued, in absence of confirmation of balances by banks, has been made on accrual basis.

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- iv) Note 4.8 - non-payment of fee for increase in Authorised Share Capital.
  - v) Note 4.11 - provision of liability for Gratuity has been made on accrual basis: Actuarial Valuation report as required under Accounting Standard - 15, has not been obtained.
  - vi) Note 4.13 - remuneration paid to Managing Director is subject to the approval of Shareholders and Central Government.
7. Net-worth of the Company has completely eroded; the management is of the opinion that the Company shall carry on its business as usual, hence the financial statements of the Company have been prepared on a going concern basis; the appropriateness of the said basis is inter-alia dependent upon future performance and profitability and presently we are unable to express an opinion on the same.
8. Subject to paragraph 6 & 7 above, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and its loss and its cash flows for the year ended on that date.
9. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements, *except provision of liability for Gratuity on accrual basis without taking actuarial valuation report as required under Accounting Standard - 15*, comply with the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
  - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements (refer Notes 4.1 & 4.4).
    - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Dated : 30<sup>th</sup> May, 2015  
Place : Chandigarh

Sd/-  
(P.K. VASUDEVA)  
PARTNER  
Membership No. - 13787

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9 of our report of even date on accounts of James Hotels Limited for the year ended 31<sup>st</sup> March, 2015).

- 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.
- ii. In respect of its Inventories :
  - a) According to the information and explanations given to us, the physical verification of inventories is conducted by the management at periodic intervals; the frequency of verification is reasonable having regard to the size of the Company and the nature of its inventories.
  - b) According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) According to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clauses (a) & (b) of paragraph 3(iii) of the Order are not applicable; hence not commented upon.
- 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 & fixed assets and with regard to the sale of goods & 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. The Company has not accepted any deposits from the public.  
*Unsecured loans from promoters were taken in pursuance of stipulations of the Banks. Unsecured loan (Rs.23,162,704/-) from promoter is exempt deposit, in conformity with the provisions of Section 73 of the Companies Act, 2013 read with Rule 2(c)(xiii) of the Companies (Acceptance of Deposits) Rules, 2014. The Company, during the year, has repaid (Rs. 19,700,564/-) to the director and promoters of the Company.*
- vi. The Central Government has not prescribed maintenance of cost records under Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014.
- vii. 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, Wealth Tax, Service Tax, Excise Duty, Custom Duty, Value Added Tax, Cess and other material statutory dues, to the extent applicable, have not been regularly deposited, during the year, by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable, in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty, Value Added Tax, Cess and other material statutory dues, were in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable except as mentioned below:

<u>Name of the Statute</u>	<u>Nature of Dues</u>	<u>Amount</u>	<u>Period to which the amount relates</u>
Income Tax Act, 1961	Tax deducted at source	10,350	Jun., 2014 to Sep., 2014

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- b) 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, Value Added Tax and Cess which have not been deposited with appropriate authorities on account of any dispute.
- c) According to the information and explanations given to us, there is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the current financial year as well as in the immediately preceding financial year.
- ix. According to the information & explanations given to us and on the basis of verification of records, the Company has defaulted in repayment of principal amount and interest due to State Bank of India, Punjab National Bank and United Bank of India; resultantly the accounts were classified as NPA, the amount of default remained unconfirmed. (refer Note 4.5). The Company, during the year, has not taken any loan from financial institution.
- x. 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.
- xi. 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.
- xii. 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.

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

Dated : 30<sup>th</sup> May, 2015  
Place : Chandigarh

Sd/-  
(P.K. VASUDEVA)  
PARTNER  
Membership No. - 13787



# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED BALANCE SHEET AS AT 31ST MARCH, 2015

NOTE	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>EQUITY &amp; LIABILITIES</b>		
<b>Shareholders' Funds</b>		
(a) Share Capital	1.1	8,00,05,000
(b) Reserves & Surplus	1.2	18,74,07,182
		8,00,05,000
		4,55,77,162
<b>Share Application Money</b> (pending allotment)		37,51,40,000
		37,51,40,000
<b>Non Current Liabilities</b>		
(a) Long-term Borrowings	1.3	82,00,30,439
(b) Other Long-term Liabilities	1.4	52,46,922
(c) Long-term Provisions	1.5	11,83,097
		89,11,10,434
		53,02,809
		0
<b>Current Liabilities</b>		
(a) Trade Payables	1.6	2,67,17,461
(b) Other Current Liabilities	1.7	28,29,67,068
		2,91,85,477
		10,65,39,021
<b>TOTAL ₹</b>	<b>1,40,38,82,805</b>	<b>1,53,28,59,903</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
(a) Fixed Assets	1.8	
(i) Tangible Assets		1,33,42,22,326
(ii) Intangible Assets		13,49,006
		1,33,55,71,332
		1,48,11,88,458
		18,71,002
		1,48,30,59,460
(b) Long-term Loans & Advances	1.9	18,94,144
(c) Other Non-Current Assets	1.10	19,00,000
		25,59,846
		19,00,000
<b>Current Assets</b>		
(a) Inventories	1.11	73,08,840
(b) Trade Receivables	1.12	2,04,92,974
(c) Cash & Bank Balances	1.13	2,79,54,938
		48,60,900
		1,17,23,488
		2,15,41,647
(d) Short-term Loans & Advances	1.14	53,90,185
(e) Other Current Assets	1.15	33,70,391
		39,71,424
		32,43,138
<b>TOTAL ₹</b>	<b>1,40,38,82,805</b>	<b>1,53,28,59,903</b>
<b>Significant accounting policies</b>	3	
<b>Other notes to accounts</b>	4	
		For and on behalf of the Board of Directors
		Sd/ HARAVTAR SINGH ARORA (Managing Director)
		Sd/ NEERAJ MOHINDROO (Director)
		Sd/ BHARAT BHUSHAN GOEL (Chief Financial Officer)
		Sd/ PUJA SHARMA (Company Secretary)
<b>The notes referred to above form an integral part of the financial statements.</b>	<b>"AUDITOR'S REPORT"</b> In terms of our attached report of even date.	
	For VASUDEVA & ASSOCIATES CHARTERED ACCOUNTANTS Firm Registration No. 022239N	
	Sd/ (P.K. VASUDEVA) PARTNER Membership No. - 13787	
<b>Dated : 30th May, 2015</b> <b>Place : Chandigarh</b>		

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
<b>REVENUE</b>		
Revenue from operations	2.1 19,71,57,250	21,14,77,782
Other Operating Revenues	2.2 91,72,264	1,13,88,658
Other Income	2.3 15,63,483	18,94,933
<b>Total Revenue</b>	<b>20,78,92,997</b>	<b>22,47,61,373</b>
<b>EXPENSES</b>		
Cost of materials consumed	2.4 3,20,61,572	3,67,87,968
Employee Benefits Expense	2.5 4,68,87,470	4,43,09,089
Finance Costs	2.6 13,80,05,675	7,25,70,705
Depreciation & Amortisation Expense	1.8 14,92,24,862	9,59,24,546
Other Expenses	2.7 7,42,83,442	7,44,39,139
<b>Total Expenses</b>	<b>44,04,63,021</b>	<b>32,60,31,447</b>
Loss before exceptional items	-23,25,70,024	-10,12,70,074
Exceptional Items	67,899	0
Loss before tax	-23,25,02,125	-10,12,70,074
Tax expense		
-Earlier years	4,44,903	0
Loss for the year	23,29,47,028	-10,12,70,074
Earnings per Equity share		
-Basic & Diluted	4.12 -29.12	-12.66
Significant accounting policies	3	For and on behalf of the Board of Directors
Other notes to accounts	4	Sd/ HARAVTAR SINGH ARORA (Managing Director)
The notes referred to above form an integral part of the financial statements.	"AUDITOR'S REPORT" In terms of our attached report of even date.  For VASUDEVA & ASSOCIATES CHARTERED ACCOUNTANTS Firm Registration No. 022239N	Sd/ NEERAJ MOHINDROO (Director)
	Sd/ (P.K. VASUDEVA) PARTNER Membership No. - 13787	Sd/ BHARAT BHUSHAN GOEL (Chief Financial Officer)
Dated : 30th May, 2015 Place : Chandigarh		Sd/ PUJA SHARMA (Company Secretary)

## JAMES HOTELS LIMITED

### NOTE 1.1 : SHARE CAPITAL

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	₹	₹	₹	₹
1.1.1 Authorised				
-14,000,000 Equity shares of ₹ 10/- each		14,00,00,000		14,00,00,000
-38,000,000 Equity shares and/or Preference shares of ₹ 10/- each	38,00,00,000	52,00,00,000	38,00,00,000	52,00,00,000
1.1.2 Issued, Subscribed & Paid up				
-8,000,500 Equity shares of ₹ 10/- each, fully paid up		8,00,05,000		8,00,05,000
<b>TOTAL ₹</b>		<b>8,00,05,000</b>		<b>8,00,05,000</b>

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

#### a) Equity shares of ₹ 10/- each, fully paid up

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	No. of shares	%age of shareholding	No. of shares	%age of shareholding
i) Ajmair Singh Bhullar	20,93,170	26.16	20,93,170	26.16
ii) Haravtar Singh Arora	12,72,260	15.90	12,72,260	15.90
iii) Ajit Pal Singh	4,10,455	5.13	4,10,455	5.13
<b>TOTAL</b>	<b>37,75,885</b>	<b>47.19</b>	<b>37,75,885</b>	<b>47.19</b>

### 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.

### 1.1.5 30% shares of the promoters have been pledged with Banks.

### NOTE 1.2 : RESERVES & SURPLUS

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	₹	₹	₹	₹
1.2.1 Capital Reserve				
-Balance brought forward		6,01,000		6,01,000
1.2.2 Revaluation Reserve				
-Balance brought forward		18,41,47,450		18,41,47,450
1.2.3 Loss				
Statement of Profit & Loss				
-Balance brought forward	-13,91,71,288		-3,79,08,591	
-Add : Net Loss for the year	-23,29,47,028		-10,12,70,074	
	-37,21,18,316		-13,91,78,665	
-Less: Adjustments *	37,316	37,21,55,632	7,377	-13,91,71,288
<b>TOTAL ₹</b>		<b>-18,74,07,182</b>		<b>4,55,77,162</b>

\* represent excess of book value over residual value of assets whose useful life has expired.

Dated : 30th May, 2015

Place : Chandigarh

## JAMES HOTELS LIMITED

### NOTE 1.3 : LONG-TERM BORROWINGS

Particulars	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>1.3.1 Secured</b>		
Term Loans		
-From : Banks	93,40,57,388	81,87,36,903
Funded Interest Term Loans		
-From : Banks	11,57,16,353	10,43,32,829
Vehicle Loans		
-From : Bank	10,73,383	15,56,543
	<u>1,05,08,47,124</u>	<u>92,46,26,275</u>
-Less: Current maturities	5,37,70,323	4,23,80,082
Interest accrued and due	15,19,70,838	1,62,56,750
Interest accrued but not due	0	1,00,02,705
Installments due *	4,82,38,428	77,39,572
(refer Note 1.7)	<u>25,39,79,389</u>	<u>84,82,47,166</u>
<b>1.3.2 Unsecured</b>		
From: Promoter	2,31,62,704	4,28,63,268
<b>TOTAL ₹</b>	<u><u>82,80,30,439</u></u>	<u><u>89,11,10,434</u></u>

\* principal repayments due to the banks.

#### Notes :

- 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 leasehold rights of commercial hotel land (measuring 9,602 sq. yards) alongwith building constructed thereon at Block No. 10, Sector 17A, Chandigarh, current assets of the Company, collateral security, *pari passu*, by first charge on 30% share capital of the Company in the name of two promoters already pledged in favour of State Bank of India and personal guarantee of two promoters of the Company.

State Bank of India assigned their debt to the Asset Reconstruction Company (India) Limited, Mumbai and charge was modified in their favour on 20.01.2015.

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

The rate of interest on the loans ranges from 11.00% to 16.00% per annum

Dated : 30th May, 2015

Place : Chandigarh

## JAMES HOTELS LIMITED

### NOTE 1.4 : OTHER LONG-TERM LIABILITIES

Particulars	<u>As at 31st March, 2015</u> ₹	<u>As at 31st March, 2014</u> ₹
Security Deposits	6,10,688	5,97,688
Retention Money	46,36,234	47,05,121
TOTAL ₹	<u>52,46,922</u>	<u>53,02,809</u>

### NOTE 1.5 : LONG-TERM PROVISIONS

Particulars	<u>As at 31st March, 2015</u> ₹	<u>As at 31st March, 2014</u> ₹
Gratuity		
-Balance brought forward	0	0
-Add : Current year's provision	11,83,097	
TOTAL ₹	<u>11,83,097</u>	<u>0</u>

### NOTE 1.6 : TRADE PAYABLES

Particulars	<u>As at 31st March, 2015</u> ₹	<u>As at 31st March, 2014</u> ₹
For Supplies & Services	2,67,17,461	2,91,85,477
TOTAL ₹	<u>2,67,17,461</u>	<u>2,91,85,477</u>

Dated : 30th May, 2015  
Place : Chandigarh

## JAMES HOTELS LIMITED

### NOTE 1.7 : OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	₹	₹	₹	₹
Current Maturities				
-Long-term Borrowings	5,37,70,323		4,23,80,082	
Interest accrued & due	15,19,70,638		1,62,56,750	
Interest accrued but not due	6,529		1,00,17,143	
Installments due (refer Note 1.3)	<u>4,82,38,428</u>	25,39,85,918	<u>77,39,572</u>	7,63,93,547
Advance From Customers		34,80,137		18,89,155
Creditors For Capital Goods		66,42,382		98,74,404
Taxes & Expenses Payable		1,31,66,465		1,32,78,294
Tax deducted at source		11,13,819		14,21,442
Other Liabilities		45,78,347		36,82,179
<b>TOTAL ₹</b>		<b><u>28,29,67,068</u></b>		<b><u>10,65,39,021</u></b>

Dated : 30th May, 2015  
Place : Chandigarh

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED

### NOTE 1.8: FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION/AMORTISATION			NET BLOCK	
	COST AS AT 01.04.2014	ADDITIONS	TOTAL	AS AT 01.04.2014	RETAINED EARNINGS THE YEAR	W.D.V. AS AT 31.03.2014	W.D.V. AS AT 31.03.2015
<b>"A" Tangible Assets</b>							
Land							
-Leasehold	22,49,25,915	0	22,49,25,915	0	0	22,49,25,915	22,49,25,915
Building	90,00,54,261	0	90,00,54,261	4,15,49,426	4,22,94,979	85,85,04,835	81,62,09,856
Furniture & Fixtures							
-Hotel	22,44,81,313	4,65,408	22,49,46,722	4,71,39,516	6,22,10,057	17,73,41,797	11,55,97,149
-Office	3,12,100	0	3,12,100	2,05,116	21,792	1,06,984	58,469
Plant & Machinery							
-Machinery & Equipment	27,52,17,828	6,60,510	27,58,78,338	6,09,55,672	4,05,53,955	21,42,62,156	17,43,58,711
-Office Equipment	18,32,948	0	18,32,948	3,49,617	0	14,83,331	5,96,708
-Computers	59,80,119	1,47,117	61,27,236	30,35,788	15,524	20,44,331	4,21,905
-Vehicles	54,61,830	5,57,671	51,98,951	26,42,521	0	25,19,109	20,45,613
		-8,30,350			-5,95,749		
<b>TOTAL "A" : ₹</b>	<b>1,63,82,66,114</b>	<b>18,40,707</b>	<b>1,63,92,76,471</b>	<b>15,70,77,656</b>	<b>37,316</b>	<b>1,48,11,88,458</b>	<b>1,33,42,22,326</b>
<b>"B" Intangible Assets</b>							
Computer Software	29,32,713	67,944	30,00,657	10,61,711	0	18,71,002	13,49,006
<b>TOTAL "B" : ₹</b>	<b>29,32,713</b>	<b>67,944</b>	<b>30,00,657</b>	<b>10,61,711</b>	<b>0</b>	<b>18,71,002</b>	<b>13,49,006</b>
<b>"C" FIGURES FOR CURRENT YEAR : (A+B) ₹</b>	<b>1,64,11,98,827</b>	<b>19,08,651</b>	<b>1,64,22,77,128</b>	<b>15,81,39,367</b>	<b>37,316</b>	<b>1,48,30,59,460</b>	<b>1,33,55,71,332</b>
<b>"D" FIGURES FOR PREVIOUS YEAR : ₹</b>	<b>1,54,57,35,902</b>	<b>51,87,70,949</b>	<b>1,84,11,98,827</b>	<b>5,22,14,821</b>	<b>0</b>	<b>1,48,35,21,081</b>	<b>1,48,30,59,460</b>
		-42,33,08,024					

Dated : 30th May, 2015  
Place : Chandigarh

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED

### NOTE 1.9 : LONG-TERM LOANS & ADVANCES

Particulars	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
(Unsecured considered good - unless otherwise stated).		
Deposits with Government Departments & Other Agencies	18,94,144	25,59,846
<b>TOTAL ₹</b>	<b>18,94,144</b>	<b>25,59,846</b>

### NOTE 1.10 : OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Unamortised Expenses *	19,00,000	19,00,000
<b>TOTAL ₹</b>	<b>19,00,000</b>	<b>19,00,000</b>

\* represent fee for increase in authorised share capital.

### NOTE 1.11 : INVENTORIES

Particulars	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
(As taken, valued & certified by the management)		
Food & Beverages	37,17,260	27,07,340
Crockery & Cutlery	1,75,610	0
Linen & Clothing	10,21,470	9,11,620
House Keeping	7,58,700	3,01,760
Others	16,35,800	9,40,180
<b>TOTAL ₹</b>	<b>73,08,840</b>	<b>48,60,900</b>

### NOTE 1.12 : TRADE RECEIVABLES

Particulars	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
(Unsecured considered good - unless otherwise stated).		
1.12.1 Exceeding six months	1,01,59,800	10,37,478
1.12.2 Others	1,03,33,174	1,06,86,010
<b>TOTAL ₹</b>	<b>2,04,92,974</b>	<b>1,17,23,488</b>

Dated : 30th May, 2015  
Place : Chandigarh



## JAMES HOTELS LIMITED

### NOTE 1.13 : CASH & BANK BALANCES

Particulars	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>1.13.1 Cash and cash equivalents</b>		
Balance with banks		
current accounts	48,63,156	37,78,820
Cash balances *	51,14,905	11,34,663
	99,78,061	49,13,483
<b>1.13.2 Other bank balances</b>		
fixed deposits **	1,79,76,877	1,60,28,164
<b>TOTAL ₹</b>	<b>2,79,54,938</b>	<b>2,15,41,647</b>

\* Including cheques & drafts in hand (₹824,726/-).

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

### NOTE 1.14 : SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
For Supplies & Services	25,75,923	17,47,325
Prepaid Expenses	7,11,819	7,91,077
Taxes	11,46,652	11,77,870
Balances		
with Excise & Taxation Department	2,27,380	2,56,152
with Excise & Custom Department	7,26,411	
	9,55,791	
<b>TOTAL ₹</b>	<b>53,90,185</b>	<b>39,71,424</b>

### NOTE 1.15 : OTHER CURRENT ASSETS

Particulars	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
Amount Recoverable (Unsecured considered good - unless otherwise stated).		
Exceeding six months	33,70,391	10,29,231
Others	0	22,13,907
<b>TOTAL ₹</b>	<b>33,70,391</b>	<b>32,43,138</b>

Dated : 30th May, 2015

Place : Chandigarh

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED

### NOTE 2.1 : REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 ₹
Sales	7,69,29,768	8,31,71,480
Rooms Income	12,02,27,482	12,83,06,302
<b>TOTAL ₹</b>	<b>19,71,57,250</b>	<b>21,14,77,782</b>

### NOTE 2.2 : OTHER OPERATING REVENUES

Particulars	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 ₹
Banquets & Other Income	76,44,758	87,09,312
Laundry Charges etc.	6,70,244	14,06,744
Commission & Incentives	8,57,262	12,72,602
<b>TOTAL ₹</b>	<b>91,72,264</b>	<b>1,13,88,658</b>

### NOTE 2.3 : OTHER INCOME

Particulars	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 ₹
Interest earned	14,79,600	18,25,294
Miscellaneous	83,883	69,639
<b>TOTAL ₹</b>	<b>15,63,483</b>	<b>18,94,933</b>

Dated : 30th May, 2015  
Place : Chandigarh

## JAMES HOTELS LIMITED

### NOTE 2.4 : COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
<b>Food &amp; Beverages</b>		
Opening Stock	27,07,340	18,73,350
Add : Purchases	3,30,71,492	3,96,21,958
	3,57,78,832	4,14,95,308
Less : Closing Stock	37,17,260	27,07,340
<b>TOTAL ₹</b>	<b>3,20,61,572</b>	<b>3,87,87,968</b>

### NOTE 2.5 : EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
Salaries & Wages (salaries & wages and leave encashment)	3,95,25,558	3,77,25,414
Contribution to : -Provident Fund & Other Funds	27,25,302	22,75,967
Staff Welfare *	46,36,610	43,07,708
<b>TOTAL ₹</b>	<b>4,68,87,470</b>	<b>4,43,09,089</b>

\* inclusive of uniform & liveries (₹58,344/-)

### NOTE 2.6 : FINANCE COSTS

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
Interest -Banks	13,56,91,454	7,03,38,153
Bank Charges	23,14,221	22,32,552
<b>TOTAL ₹</b>	<b>13,80,05,675</b>	<b>7,25,70,705</b>

Dated : 30th May, 2015  
Place : Chandigarh

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED

### NOTE 2.7 : OTHER EXPENSES

Particulars	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	₹	₹	₹	₹
Operating Expenses				
-Consumable Stores	55,19,261		46,01,544	
-Power, Fuel & Electricity	2,08,40,197		2,38,83,332	
-Management/Franchise Fee	57,43,285		42,00,738	
-Watch & Ward	31,37,216		36,13,540	
-Gardening, Cleaning & Sanitation	32,72,314		13,62,457	
-Others	41,71,779	4,26,84,052	74,98,452	4,51,60,064
Rent		5,78,141		6,24,188
Repairs & Maintenance				
-Building & Electricals	16,45,844		16,90,467	
-Furniture & Fixtures	4,36,977		5,50,670	
-Machinery & Equipment	25,38,057		29,41,965	
-Computers	12,61,345		10,68,967	
-Vehicles	2,82,840	61,65,053	3,22,637	65,74,706
Insurance		7,94,530		8,61,030
Rates & Taxes		52,11,887		29,04,583
Miscellaneous Expenses:				
-Other Administrative Expenses	62,49,124 *		39,89,244	
-Travelling & Conveyance			22,40,433	
Directors	14,92,398			
Staff/Others	14,95,300	29,87,698		
-General Charges	5,30,371		2,84,428	
-Selling & Distribution Expenses	86,02,581 **		1,14,64,497	
-Directors' Sitting Fee	3,60,000	1,87,29,774	2,35,956	1,82,14,558
Payments to Auditor		1,20,000		1,00,000
<b>TOTAL ₹</b>		<b>7,42,83,442</b>		<b>7,44,39,139</b>

\* inclusive of legal & professional charges (₹ 3,667,181/-).

\*\* inclusive of business promotion (₹ 6,787,177/-).

Dated : 30th May, 2015

Place : Chandigarh

**JAMES HOTELS LIMITED**  
**NOTE '3': SIGNIFICANT ACCOUNTING POLICIES**  
**(Forming part of Accounts)**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

**3.1. Basis of Accounting**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical convention on accrual basis. These financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under Section 211(3C) (which continue to be applicable in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013), other relevant provisions of the Act (to the extent notified) and the presentation requirements as prescribed by the Schedule III of the Companies Act, 2013 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**

Tangible Assets are stated at 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 and net of Cenvat/VAT availed.

**-Intangible Assets**

Intangible Assets are stated at cost less accumulated amortisation.

**-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 tangible assets is provided on written down value method over the useful life of assets assigned to each asset in accordance with Schedule - II of the Companies Act, 2013.
- 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 (i.e. Computer Software) have been amortised on straight line method pro-rata on month end balances over a period of five years in accordance with Accounting Standard -26 "Intangible Assets".

**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 stock and shortages are charged to the Statement of Profit & Loss.

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### 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.
- Revenue from sales/services are shown net of taxes, as applicable.

### 3.8. Employee Benefits

#### a) Short-term Employee Benefits:

- Leave Encashment, on the basis of actual computation, is accounted for on actual payment 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 Plans:

Gratuity is accounted for on accrual 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

-The Company accounts for the effects of difference in foreign exchange rates in accordance with Accounting Standard 11 notified by Companies (Accounting Standards) Rules, 2006 under Section 211(3C) (which continue to be applicable in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013).

-Foreign currency transactions are recorded using the exchange rate prevailing on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit & Loss.

-Monetary assets and liabilities denominated in foreign currency are restated at the exchange rate prevailing at the year end. The resultant differences are recognised in the Statement of Profit & Loss.

### 3.11. 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.

### 3.12. Taxes on Income

-Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

-Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, 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.

-Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities.

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### 3.13. 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.

### 3.14. 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 balance in current accounts and cash balances.

### 3.15. 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 31<sup>st</sup> MARCH, 2015**

#### 4.1. Contingent Liabilities & Commitments:

a) Estimated amount of contracts remaining to be executed and not provided for in the books of account - Nil (previous year - Nil).

b) Contingent Liabilities:

-Claims against the Company not acknowledged as debt (Rs. 8,460,929/-):

Third party claims arising from disputes relating to contracts aggregating to ( ' 8,185,219/- ) & an ex-employee claim (Rs. 275,710/-).

The Franchisor (Sarovar Hotels Pvt. Ltd.) has terminated the franchise agreement with the Company and filed a suit for the recovery of outstanding dues; the Company has also filed counter claim on account of deficiency of services etc.

*The ultimate outcome of these matters cannot be determined & provision for liability, if any, cannot be estimated at this stage.*

-Counter indemnity in respect of guarantee issued by United Bank of India, Punjab National Bank and State Bank of India in favour of Sales Tax Department (Rs. 50,000/-) and Director General of Foreign Trade (Rs. 14,703,980/-).

Fixed Deposits (Rs.17,976,877/- inclusive of interest accrued thereon) with United Bank of India, Punjab National Bank and State Bank of India have been pledged with Banks.

-Additional fee for increase in Authorised Share Capital - Rs. 1,500,000/- (previous year - Rs. 1,168,500/-).

-Liabilities in respect of Income Tax, Excise Duty, Service Tax, Sales Tax and other material statutory dues 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.

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**4.3. Share Application Money (pending allotment - Rs. 375,140,000/-)**  
(read with Note 4.4(a) below)

- A) Balance (As on 01<sup>st</sup> April, 2011 - Rs. 80,300,000/-):
  - i) Share Application Money (Rs. 80,300,000/-) had been received consequent to the resolution passed in the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2007 in order to comply with the terms and conditions of the lending Bank as mentioned in para (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 17A, 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 29<sup>th</sup> September, 2007 passed a resolution under Section 81(1A) of the Companies Act, 1956 for preferential allotment of equity shares in accordance with applicable provisions of the Companies Act, 1956 to Mr. Ajmair Singh Bhullar and Mr. Haravtar Singh Arora, the promoters of the Company.
  - iv) The Company, pursuant to the provisions of Clause 24 of the Listing Agreement, had applied for getting 'in principle' approval of Bombay Stock Exchange (BSE) for listing of new issue of shares. However, BSE had not granted the approval.
  - v) As per the stipulation of the Banks; monies already brought in by the promoters in the form of Share Capital, Share Application Money and Unsecured Loans not to be allowed to be withdrawn. According to the stipulation of the Banks, Share Application Money had not be refunded to the promoters.
- B) Received during the 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 14<sup>th</sup> 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)** Petition was filed, in earlier years, by few minority shareholders (objecting preferential allotment to promoters) with the Company Law Board u/s 397 & 398 of the Companies Act, 1956. The Hon'ble Company Law Board vide its order no. CP No. 132(ND)/2011 dated 13<sup>th</sup> December, 2011 kept the resolution of offer, issue and allotment of Preference Shares in abeyance till the final decision of the Company Law Board; the hearing now stands adjourned to 17<sup>th</sup> July, 2015 - the matter is subjudice.

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.

- b) The Registrar of Companies, Punjab & Chandigarh had issued show cause notice no. TS/209A/4249/2213 & No. TS/209A/4249/2221 both 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 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. The authorised representative appeared before the Company Law Board on 24<sup>th</sup> December, 2013 and submitted to withdraw the compounding application; thereafter, the Hon'ble Board disallowed the compounding application with the direction to the Bench Officer to inform ROC to take such further legal action as deemed fit.

- 4.5** The Company has defaulted in repayment of principal and interest due to State Bank of India, Punjab National Bank and United Bank of India; resultantly the accounts were classified as NPA.

Provision for interest accrued, in absence of confirmation of balances by banks, has been made on accrual basis.

State Bank of India assigned their debt to the Asset Reconstruction Company (India) Limited, Mumbai and charge was modified in their favour on 20.01.2015.



## 4.6 Long-term Borrowings:

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

### a) Secured

#### Term Loans

#### From State Bank of India

#### Restructuring Credit Facilities

Repayments in monthly ballooned instalments are as under:

Principal outstanding as on 01<sup>st</sup> 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. 31<sup>st</sup> July, 2013.

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

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

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

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

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

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

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

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

#### From Punjab National Bank

#### Restructuring Credit Facilities

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.

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.

CONTD.P/6.....

**From United Bank of India**

**Term Loan (Rs. 95,000,000/-).**

76 monthly installments of Rs. 100,000/- each w.e.f. December, 2012 to March, 2019.

07 monthly installments of Rs. 10,900,000/- each w.e.f. April, 2019 to October, 2019.

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

**Fresh Term Loan (Rs. 20,000,000/-)**

82 monthly installments of Rs. 244,000/- each w.e.f. October, 2013 to July, 2020.

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

**b) Unsecured**

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

-Unsecured loan (Rs. 23,162,704/-) from promoter is exempt deposit, inconformity with the provisions of Section 73 of the Companies Act, 2013 read with Rule 2(c)(xiii) of the Companies(Acceptance of Deposits) Rules, 2014. The Company, during the year, has repaid (Rs. 19,700,564/-) to the director and promoters of the Company.

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

**4.7 Reserves & Surplus:**

Adjustments (Rs. 37,316/-) represent excess of carrying value over residual value of assets whose useful life has expired as per Part-C of Schedule II of the Companies Act, 2013(refer note 4.14 below).

**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-SH-7).

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

**4.9 Other Long-term Liabilities (Rs. 5,246,922/-) include:**

-Security Deposits (Rs. 610,688/-) i.e.Rs. 320,688/- received from Australian Trade Commission, in earlier years, against renting of space in Hotel.

The Company, during the year, has received Rs. 290,000/- as security deposit for leasing of portion of Building i.e. Restaurants, Night Club, SPA, Banquet/Basement & First Floor.

Other Current Liabilities (Rs. 282,967,068/-):

-Taxes & Expenses payable (Rs. 13,166,465/-) include Service Tax( Rs. 5,574,961/-) for the financial year 2014-2015; however, interest on late deposit of Service Tax will be accounted for at the time of actual payment.

-Tax deducted at source (Rs. 1,113,819/-); interest on late deposit will be accounted for at the time of actual payment.

-Other Liabilities (Rs. 4,578,347/-) include (Rs. 1,990,000/-) due to Ministry of Corporate Affairs on account of fee for increase in Authorised Share Capital.

**4.10 Related Party Disclosures (AS-18)**

Related parties & their relationship and related parties transactions - As per Annexure - (A).

**4.11 The Company has made provision for liability of gratuity on accrual basis; however Actuarial Valuation Report, as required under Accounting Standard 15, has not been obtained.**

**4.12 Earnings Per Share (AS- 20)**

	<u>Year ended</u> <u>31<sup>st</sup> March, 2015</u>	<u>Year ended</u> <u>31<sup>st</sup> March, 2014</u>
<b>Numerator</b>		
Net Loss attributable to Equity shareholders	Rs. (232,947,028)	Rs. (101,270,074)
<b>Denominator</b>		
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. (29.12)	Rs. (12.66)

CONTD.P17.....

-7-

Note: Since the case (refer note 4.4(a) 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 under Section 211(3C) (which continue to be applicable in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013).

- 4.13 The Company had paid remuneration (Rs. 1,500,000/-) to the Managing Director of the Company, during financial year ended on 31<sup>st</sup> March, 2015. However, the same is in violation of part II of Schedule V of the Companies Act, 2013 due to default in repayment of debts due to Banks. Effective steps are being taken for filing an application with the Central Government for getting approval for the same.

4.14 **Depreciation/Amortisation**

- Pursuant to the applicability of the Companies Act, 2013 effective from 01<sup>st</sup> April, 2014, the Company has applied the estimated useful lives as specified in Part-C of Schedule II; accordingly the carrying value as on 01<sup>st</sup> April, 2014, is being depreciated over the remaining useful lives.

- Residual value of assets has been considered at 5% of the original cost of the assets.

- The assets, whose remaining useful life is nil and the carrying value of assets as on 01<sup>st</sup> April, 2014 is more than the residual value, the difference between the carrying value and residual value is adjusted against retained earnings under the head Reserves & Surplus (refer note 4.7 above).

- Depreciation on additions to fixed assets is calculated on month end balances, on written down value line method over the estimated useful lives as specified in Part-C of Schedule II of the Companies Act, 2013.

- 4.15 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.

4.16 **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.

- 4.17 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".

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

In absence of virtual certainty supported by convincing evidence that unabsorbed depreciation and carry forward losses can be set off against future taxable income, deferred tax asset as a measure of prudence has not been recognised.

4.19 **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.

4.20 **Auditor's Remuneration  
(excluding Service Tax)**

	<u>31<sup>st</sup> March, 2015</u>	<u>31<sup>st</sup> March, 2014</u>
	<u>AMOUNT</u>	<u>AMOUNT</u>
	Rs.	Rs.
-Audit Fee	80,000	70,000
-In other capacity		25,000
Taxation Matters	15,000	
Company Law Matters	15,000	
-Reimbursement of expenses	10,000	5,000
<b>Total</b>	<b>120,000</b>	<b>100,000</b>

CONTD.P/8....

4.21 Other additional information

- a) Revenue from Operations  
The Company is engaged in operating and managing hotel.

b) Raw material consumed

	<u>31<sup>st</sup> March, 2015</u>	<u>31<sup>st</sup> March, 2014</u>
<u>Particulars</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
	Rs.	Rs.
Food & Beverages	32,061,572	38,787,968

c) Imported & indigenous consumption of Raw Material/Stores & Spares

	<u>31<sup>st</sup> March, 2015</u>	<u>31<sup>st</sup> March, 2014</u>
<u>Particulars</u>	<u>Amount</u>	<u>Amount</u>
	Rs.	Rs.
-Raw Material/Stores & Spares		
Indigenous	37,580,833	43,389,512
Imported	-	-

d) Transactions in Foreign Currency

	<u>31<sup>st</sup> March, 2015</u>	<u>31<sup>st</sup> March, 2014</u>
<u>Particulars</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
	Rs.	Rs.
(i) Value of Imports calculated on C.I.F. Basis		
Capital Goods	Nil	1,549,089
(ii) Expenditure in Foreign Currency		
Commission, Rebate & Discount		
(USD 7,725.43)	488,748	319,183
Royalty	Nil	1,986,404
Repairs & Maintenance (Computers)	Nil	79,279
(iii) Earnings in Foreign Currency		
Room Rent, Banquets & Other Income *		
(USD 74,428.36)	4,590,248	35,756,367

\* 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 and on behalf of the Board of Directors

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

Sd/-  
(P.K. VASUDEVA)  
PARTNER  
Membership No. - 13787

Sd/-  
HARAVTAR SINGH ARORA  
(Managing Director)

Sd/-  
NEERAJ MOHINDROO  
(Director)

Sd/-  
BHARAT BHUSHAN GOEL  
(Chief Financial Officer)

Sd/-  
PUJA SHARMA  
(Company Secretary)

Dated : 30<sup>th</sup> May, 2015  
Place : Chandigarh

**JAMES HOTELS LIMITED**  
**NOTES FORMING PART OF ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH, 2015**  
**ANNEXURE 'A' TO NOTES TO ACCOUNTS (NOTE 4.10)**

**RELATED PARTY DISCLOSURES :**

Disclosures as required by the Accounting Standard - 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below :  
**(As certified by the Management)**

**'A' Relationship**

- |    |  |   |
|----|--|---|
| 1. | Key Management Personnel<br>Haravtar Singh Arora<br>Bharat Bhushan Goel<br>Puja Sharma | Managing Director<br>Chief Financial Officer<br>Company Secretary |
| 2. | Individual having control or significant influence<br>Ajmair Singh Bhullar             |   |

**'B' Aggregate amount of transactions, during the year, with the related parties**

<u>S.No. Nature of Transactions</u>	<u>Key Management Personnel</u>	<u>Individual having control or significant influence</u>
	<u>AMOUNT</u> ₹	<u>AMOUNT</u> ₹
<b>A) Expenditure</b>		
1. Salaries & Allowances	12,61,250	15,00,000
2. Directors' Remuneration	15,00,000	-
<b>B) Others</b>		
1. Unsecured Loans		
-Balance as on 01st April, 2014	46,50,251	3,75,20,017
Add: Additions during the year	-	-
Less: repayments during the year	46,50,251	1,43,57,313
-Balance as on 31st March, 2015	-	2,31,62,704
<b>C) Year end balances</b>		
1. Salaries & Allowances	1,55,000	-

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

Sd/  
**HARAVTAR SINGH ARORA**  
 (Managing Director)

Sd/  
**NEERAJ MOHINDROO**  
 (Director)

Sd/  
**(P.K. VASUDEVA)**  
 PARTNER  
 Membership No. - 13787

Sd/  
**BHARAT BHUSHAN GOEL**  
 (Chief Financial Officer)

Sd/  
**PUJA SHARMA**  
 (Company Secretary)

Dated : 30th May, 2015  
 Place : Chandigarh

# JAMES HOTELS LIMITED

## JAMES HOTELS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	CURRENT YEAR 31ST MARCH, 2015 ₹	PREVIOUS YEAR 31ST MARCH, 2014 ₹
<b>"A" CASH FLOWS</b>		
<b>(I) FROM OPERATING ACTIVITIES</b>		
a) Loss before tax	-23,25,02,125	-10,12,70,074
Adjustments :		
Depreciation and amortisation	14,92,24,862	9,59,24,546
(Gain)/Loss on sale of fixed assets	-67,899	0
Interest earned	-14,79,600	-18,25,294
Interest paid/incurred (Net)	13,56,91,454	7,03,38,153
Profit from operating activities	5,08,66,692	6,31,67,331
b) Working capital changes :		
(Increase)/Decrease in Inventories	-24,47,940	-17,45,540
(Increase)/Decrease in Trade Receivables	-87,69,486	19,76,160
(Increase)/Decrease in Short-term Loans and Advances	-25,96,631	40,46,361
(Increase)/Decrease in Other Current Assets	10,50,617	-22,05,620
(Increase)/Decrease in Long-term Loans and Advances	6,65,702	83,73,345
Increase/(Decrease) in Other Long-term Liabilities	-55,887	6,959
Increase/(Decrease) in Trade Payables	-24,68,016	1,45,34,767
Increase/(Decrease) in Other Current Liabilities	-11,64,325	46,51,565
Increase/(Decrease) in Long-term Provisions	11,83,097	0
Cash generated from operations	3,62,63,823	9,28,05,328
c) Direct taxes paid (net of refund)	-4,44,903	7,377
<b>Total "I"</b>	<b>3,58,18,920</b>	<b>9,28,12,705</b>
<b>(II) FROM INVESTING ACTIVITIES</b>		
a) Purchase of tangible assets/intangible assets/ capital work-in-progress (net)	-19,08,651	-9,54,62,925
b) Proceeds from sale of tangible assets/intangible assets/capital work-in-progress	2,02,500	0
c) Purchase of investments	0	0
d) Proceeds from sale of investments	0	0
e) Investments 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-Current Assets	0	0
h) (Increase)/Decrease in Fixed Deposits	-13,48,713	-16,79,819
i) Dividend received	0	0
j) Interest received	14,79,600	18,25,294
<b>Total "II"</b>	<b>-15,75,264</b>	<b>-9,53,17,450</b>

### ( III ) FROM FINANCING ACTIVITIES

a) Proceeds from issue of Share Capital	0	0
b) Share application money (pending allotment)	0	0
c) Proceeds from Long-term Borrowings (net) (inclusive of interest accrued thereon)	10,65,12,376	6,79,49,988
d) Increase in Short-term Borrowings (net)	0	0
e) Redemption of Preference Shares	0	0
f) Repayment of Long-term Borrowings	0	0
g) Decrease in Short-term Borrowings (net)	0	0
h) Dividends paid (including distribution tax)	0	0
i) Interest and Other Finance Costs	-13,56,91,454	-7,03,38,153
<b>Total "III"</b>	<b>-2,91,79,078</b>	<b>-23,88,165</b>
<b>"B" Net (decrease)/Increase in cash and cash equivalents (I+II+III)</b>	<b>50,64,578</b>	<b>-48,92,910</b>
<b>Add : Cash and cash equivalents at the beginning of the year</b>	<b>49,13,483</b>	<b>98,06,393</b>
<b>"C" Cash and cash equivalents at the end of the year</b>	<b>99,78,061</b>	<b>49,13,483</b>
<b>Cash and cash equivalents comprises of</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
	<b>31ST MARCH, 2015</b>	<b>31ST MARCH, 2014</b>
	₹	₹
Cash & Bank Balances (As per Note 1.13)	2,79,54,938	2,15,41,647
Less : Fixed Deposits	1,79,76,877	1,66,28,164
	<b>99,78,061</b>	<b>49,13,483</b>

**Note :** Previous year figures have been regrouped/reclassified wherever necessary.

In terms of our attached report of even date.

For and on behalf of the Board of Directors

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

Sd/  
(P.K. VASUDEVA)  
PARTNER  
Membership No. - 13787

Dated : 30th May, 2015  
Place : Chandigarh

Sd/  
HARAVTAR SINGH ARORA  
(Managing Director)

Sd/  
NEERAJ MOHINDROO  
(Director)

Sd/  
BHARAT BHUSHAN GOEL  
(Chief Financial Officer)

Sd/  
PUJA SHARMA  
(Company Secretary)

**JAMES HOTELS LIMITED**

**REGD.OFFICE: BLOCK10, SECTOR17-A, CHANDIGARH PROXY FORM  
ANNUAL GENERAL MEETING**

I/We ..... of ..... in the district of ..... being a member/members of the above-named Company hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on wednesday, the 30th day of September, 2015 at 11.00A.M. at Indira Holiday Home, Sector 24-B, Chandigarh and at any adjournments thereof.

Name of the Shareholder .....  
Client ID No. ....  
DP ID No. ....  
Registered Folio No. ....  
No. of Shares held. ....  
Signed this ..... day of ..... 2015  
Signature .....

One Rupee  
Revenue Stamp

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: BLOCK10, SECTOR17-A, CHANDIGARH  
ATTENDANCE SLIP**

L.F. No. ....  
NO. OF SHARES HELD. ....  
Client ID No. ....  
DPID No. ....

I here by record my presence at the 34<sup>th</sup> Annual General Meeting of the Company to held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 11.00 A.M. at Indira Holiday Home, Sector 24-B, Chandigarh

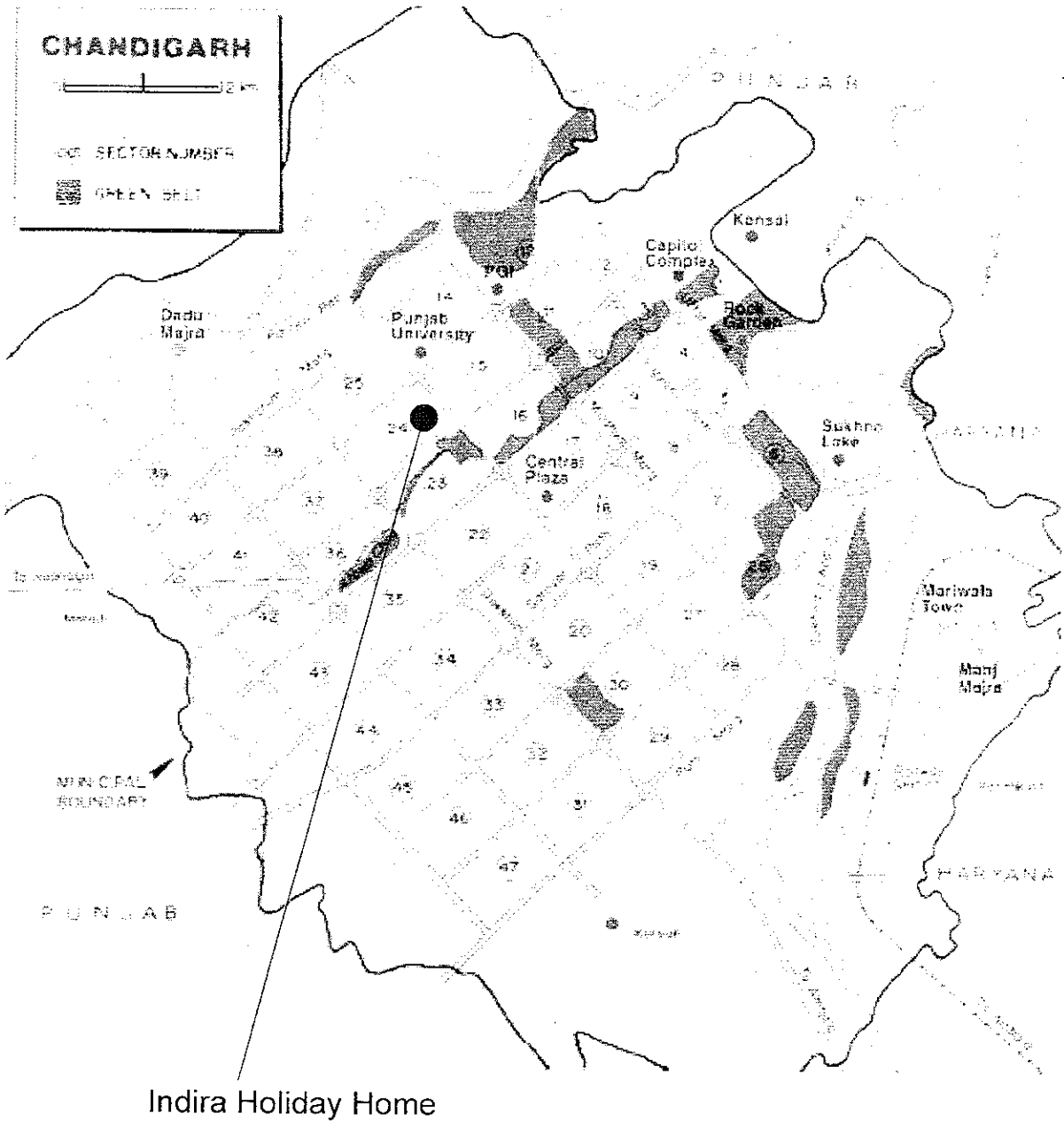
Full Name of the Shareholders/Proxy  
(IN BLOCK LETTERS)

Signature

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



# JAMES HOTELS LIMITED



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Chandigarh - 160017