

**21st Annual Report
2007-2008**



TULIP STAR HOTELS LTD.

BOARD OF DIRECTORS

As on October 31, 2008

A. B. M. GOOD

Chairman

DR. AJIT B. KERKAR

Managing Director

MAHENDRA LODHA

ARVIND S. HERWADKAR

PESI S. PATEL

SHAILESH S. MODY

COMPANY SECRETARY

Sanjeev D. Shenvi

BANKERS

Bank of Baroda

AUDITORS

Ray & Ray

Chartered Accountants

REGISTERED OFFICE

Indra Palace,

H - Block,

Connaught Circus,

New Delhi - 110 001.

CORPORATE OFFICE

Chander Mukhi,

Nariman Point, Mumbai - 400 021.

SECRETARIAL OFFICE

Chander Mukhi,

Nariman Point, Mumbai - 400 021.

SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.,

C-13, Pannalal Silk Mills Compound,

L.B.S. Road, Bhandup (W),

Mumbai - 400 078.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Since my last Chairman's statement the world has been overtaken by a financial crisis of momentous proportions and even the self styled experts around the world are unable to predict its long terms effects.

So far as your Company is concerned suffice to say that your management was proposing a preferential share issue to raise funds for the development of our business as well as an offering of shares under ESOP. However, in the light of recent stock market falls these proposals have had to be put on hold for the time being.

Nevertheless, under the stewardship of your Managing Director, Dr. Ajit Kerkar, I am confident that despite the challenging environment in which we are operating, we shall, in the near future, move closer to achieving our goal of providing a profitable investment for all our shareholders.

This year our Annual General Meeting is to be held on November 28 as a result of our receiving approval from the Registrar of Companies to hold the AGM relating to the financial year 2007-08 by November 30, to enable us to progress the possibility of a Preferential Share Issue as mentioned above. The Audited Accounts for the year 2007-08 were approved by the Board of Directors at its meeting held on 24 June 2008 and the results were published in the press as required by the listing authority.

Mr. Peter Kerkar resigned from your Board w.e.f. July 29th 2008 and I should like to thank him on behalf of the Directors for the valuable contribution he made during his tenure as a Director of your Company. I should also like to thank all shareholders for your continued support which your Board is committed to justifying.

Place : Mumbai
Date : October 31, 2008

A. B. M. Good
Chairman





Tulip
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NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty First Annual General Meeting of the Members of **Tulip Star Hotels Limited** will be held at Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi – 110 001 on Friday, November 28, 2008 at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Mahendra Lodha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Arvind S. Herwadkar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. Appointment of Dr. A. B. Kerkar as Managing Director :

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Dr. Ajit B. Kerkar, as the Managing Director of the Company for a period of 5 (five) years w.e.f. April 01, 2008 and be vested with substantial powers of management, on the terms and conditions including those relating to remuneration as set out under Item No. 5 of the Explanatory Statement annexed to the Notice.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the re-appointment of Dr. Ajit B. Kerkar including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of managerial remuneration as may be admissible to him within the overall limits specified in the Act, as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board of Directors of the Company may deem fit;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to this Resolution.”

For and on behalf of the Board

Place : Mumbai
Date : October 31, 2008

Arvind S. Herwadkar
Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the meeting hall, failing which, admission to the meeting may be refused.
4. The Register of Members and the Share Transfer Books of the Company under the physical mode will remain closed from Saturday, November 22, 2008 to Friday, November 28, 2008 (both days inclusive).
5. Members are advised to address all correspondence quoting their Ledger Folio Number / Client ID - DPID Number and to immediately notify their change of address, if any, to the Company's Registrar & Share Transfer Agents, Intime Spectrum Registry Ltd. In case of any difficulty, members are requested to contact the Secretarial Office of the Company (Email : tshl@vsnl.in).
6. As a measure of economy, the Company does not distribute the copies of the Annual Report at the venue of the meeting. Members therefore are requested to bring their copies with them.

7. Members desirous of obtaining any information concerning the accounts of the Company are requested to send their queries to the Company's Secretarial Office at Chander Mukhi, Nariman Point, Mumbai 400 021 atleast 15 days before the date of the meeting, so that the information required by the members may be made available at the meeting.
8. Information required to be furnished under Clause 49 of the Listing Agreement entered into with Stock Exchange regarding Directors to be re-appointed :-

Mr. Mahendra Lodha:

Mr. Mahendra Lodha, B.COM.(HONS.), LL.B., F.C.A. is a practicing Chartered Accountant, senior partner of Mehta Lodha & Co., corporate advisory services and specialized in the field of Corporate Financing and designing rehabilitation packages of sick industrial companies. Mr. Lodha does not hold any share in the Company.

He is the Chairman of the Audit Committee of the Company. Details of his other directorships of public limited companies incorporated in India and membership of committees are given below :

Sl. No.	Name of the Company	Position held	Committee membership/Chairmanship
1.	Steelco Gujarat Ltd.	Director	Member of Audit Committee, Remuneration Committee and Shareholders Committee
2.	Arvind Product Ltd.	Director	Member of Audit Committee
3.	Bihar Hotels Ltd.	Director	
4.	Rama Petrochemicals Ltd.	Director	The Chairman of Audit Committee, Remuneration Committee and Shareholders Committee
5.	Rainbow Denim Ltd.	Director	The Chairman of Remuneration Committee and Member of Audit Committee
6.	Kalyanpur Cements Ltd.	Director	Member of Audit Committee
7.	Shivalik Golf and Forest Resort Ltd.	Director	

Mr. Arvind S. Herwadkar:

Mr. Arvind S. Herwadkar is a Mechanical Engineer from VJTI Mumbai. He was employed with OTIS Elevators for over 4 decades in various senior positions before retiring as General Manager. Thereafter, he was Consultant and Dialogue Administrator to OTIS Elevators for 3 years. He was also Consultant to Schindler, a world-renowned Elevator & Escalator Company. Mr. Herwadkar also worked as Senior Vice President with United White Metal Ltd. for three years. He is presently working as Associate Consultant with Learch Bates Pvt. Ltd., a world renowned consultancy firm. He is also a member of the Bureau of Indian Standards, IEEMA & PALEA (Asia Pacific). Mr. Herwadkar has vast technical and administrative experience. Mr. Herwadkar does not hold any share in the Company. He is a Director of V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.)

Dr. Ajit B. Kerkar :

Dr. Ajit B. Kerkar was the former Chairman and Managing Director of The Indian Hotels Company Limited (Taj Group of Hotels). Dr. Ajit B. Kerkar has also served on the board of Air India Limited, Indian Airlines Limited and Tourism Finance Corporation of India Limited. Dr. Ajit B. Kerkar was the Tourism Advisor to the Government of Maharashtra and the Government of Goa.

Dr. Ajit B. Kerkar holds 1,78,590 Equity Shares in the Company. He is the Chairman of V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.) and Tulip Star Leisure & Health Resorts Limited. He is a Director of Satyagiri Shipping Co. Ltd.

9. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to section 205C of the Companies Act, 1956 on the respective dates mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

Financial Year Ended
March 31, 2001
March 31, 2007

Due date of transfer
October 14, 2008
October 28, 2014



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EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business under item no.5 of the accompanying Notice dated October 31, 2008.

Dr. A. B. Kerkar has been the Managing Director of the Company since April 01, 2003. The term of office of Dr. Ajit B. Kerkar, as Managing Director of the Company expired on March 31, 2008.

The Board of Directors of the Company at its meeting held on January 19, 2008 has, subject to the approval of Members, re-appointed Dr. Ajit B. Kerkar for a further period of 5 years from the expiry of the present term, on the remuneration determined by the Remuneration Committee of the Board at its meeting held on January 19, 2008.

Dr. Ajit B. Kerkar fulfills the conditions specified in parts I and II of Schedule XIII of the Companies Act, 1956. Approval of the shareholders under Section 269 read with Schedule XIII of the Companies Act, 1956 is required for appointment of a Managing Director and for payment of remuneration to him.

None of the Directors, except Dr. A. B. Kerkar is interested in the above Resolution. The Directors commend the Resolution at Item No.5 of the Notice for acceptance by the Members.

Details of Remuneration :

a. Salary and Commission :

As desired by Dr. A. B. Kerkar, the Board of Directors have agreed that the Managing Director will not draw any salary or commission.

b. Perquisites :

Club Fees :

Reimbursement of membership fee up to 2 (two) clubs, including admission and life membership fee.

Provision of car :

The Company shall provide car with chauffeur for official as well as personal purposes.

Other Perquisites :

Subject to the overall ceiling on remuneration mentioned herein, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

c. Overall remuneration :

The aggregate of perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be for the time being in force.

d. Minimum Remuneration :

The perquisites alone will constitute minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year within the overall limits as set out in Section II of Schedule XIII of the Companies Act, 1956.

e. Other Terms & Conditions :

Dr. Kerkar as Managing Director will be entitled to sitting fee for attending the meetings of Board of Directors. Notwithstanding anything to the contrary herein contained either party shall be entitled to terminate the agreement at any time by giving to the other party 180 days notice in writing in that behalf.

The above may also be treated as an abstract of the terms of contract/agreement to be entered between the Company and Dr. A. B. Kerkar pursuant to Section 302 of the Companies Act, 1956.

For and on behalf of the Board

Place : Mumbai

Date : October 31, 2008

Arvind S. Herwadkar

Director

DIRECTORS' REPORT



Tulip
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To the Shareholders,

Your Directors present herewith the **Twenty First Annual Report** and the audited accounts of the Company for the year ended March 31, 2008.

FINANCIAL RESULTS

The financial results of the Company for the year under review are summarized below :-

	(Rs. in lacs)	
	2007-2008	2006-2007
Total Income	41.20	4,145.08
Profit/(Loss) before Depreciation, Finance Cost & Provision for Taxes	(61.98)	3,841.93
Less : Depreciation	0.15	0.88
Less : Finance Cost	797.66	16.52
Less : Provision for Income Tax	4.49	901.03
Profit/(Loss) for the year	(864.28)	2,923.50
Profit and Loss Account Balance	2,717.92	(151.64)
Balance available for Appropriation	1,853.64	2,771.86
Proposed Dividend	-	46.10
Tax on Dividend	-	7.84
Dividend and Tax thereon written back	29.54	-
Surplus / (Deficit) carried to Balance Sheet	1,883.18	2717.92
Total	1,853.64	2771.86

The Total Income includes Rs. 40.83 Lacs received towards Interest on Income Tax Refund. This Refund pertains to the Assessment Year 1998-99 and 1999-2000, which accrued pursuant to the order passed by the Hon'ble Income Tax Tribunal at New Delhi on 01.06.2007 setting aside the Orders of Assessing Officer and Appellate Authorities. On account of legal disputes, your Company did not receive any Hotel Management Fees during the year. The performance of your Company will depend on the time factor involved in the final decision in the ongoing arbitration and legal matters.

DIVIDENDS

The Directors regret their inability to recommend dividend. Proposed dividend and the corresponding corporate dividend tax with respect to Equity shares for the year ended on 31.03.2007 on which the right to receive dividend was waived by certain shareholders has been transferred to Profit & Loss Account.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND :

During the year, in accordance with terms of Section 205 C of the Companies Act, 1956, the unclaimed dividend for the year 1999-2000 was transferred to the Investor Education & Protection Fund established by Central Government.

FINANCE

As had been reported in the Directors' Report for the year ended 31.03.2005, the Company had fully repaid the principal amount of the Rs. 2,000 lakhs borrowed from the Saraswat Co-op. Bank Limited. However, as had been reported therein, the said Bank had not released the mortgage and continued to hold the Property of the Guarantor and litigating with the Company and demanding an amount of Rs. 978.44 Lacs as interest recovery. This has always been brought out in the 'Notes to Accounts' of the earlier Audited Annual Report of the Company.

In order to end the litigation with the Bank and to return the mortgaged property of the Guarantors, your Company entered into One Time Settlement with the said Bank, which has resulted in a payment of Rs. 750 lacs as full and final payment of all the claims of the said Bank on the Company. Consequent upon the said payment of Rs. 750 lakhs, the said bank has released all the mortgages, third party securities and guarantees. The payment of Rs. 750 lacs is charged to the Profit and Loss Account for the year under report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT :

We have attempted to include discussions on all specified matters to the extent relevant.

Industry Structure and Developments

The Indian Tourism Industry has shown sustained growth during the past few years. The future of the hospitality business is very promising. However, the revenue of your Company is confined to a few hand picked hotels in which the Company has made investments. On account of legal disputes involving these companies there is no revenue generated. The performance of your Company will depend on the time factor involved in the final decision in the ongoing arbitration and legal matters.



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Risks and Concerns

The time factor for the final decision and the outcome of the final decision in the matters under litigation can have a bearing on the quality of Company's investments in other hotel owning companies and the revenue of the Company

Business Outlook

As mentioned above the prospects of your Company is linked to the time factor involved in the final decision in the ongoing arbitration and legal matters and the ability of the Company to raise long term funds.

Internal Control Systems and their adequacy

Internal control systems have been found to be adequate commensurate with its size and nature of business. The Audit Committee periodically reviews the internal control systems in operations.

Financial Performance

The loss for the year before provision for taxes is Rs. 859.80 Lacs. Out of the Total Income of Rs. 41.20 Lacs, Rs. 40.83 Lacs is Interest on Income Tax refund which accrued to the Company due to the orders passed by Hon'ble Income Tax Tribunal setting aside the Orders of Assessing Officer and Appellate Authorities. The loss for the year is also on account of settlement with The Saraswat Co-operative Bank Ltd. at a cost of Rs. 750 lacs and non charging of interest on the amount owing by V Hotels Ltd. in which the Company holds 50 percent equity stake.

Human Resources

It is our constant endeavour to motivate and harness the creative skills of our employees whereby organizational objectives are in harmony with employee's goals.

Cautionary Statement

Statements in the 'Management Discussion and Analysis' section describing the Company's objectives, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. These statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied.

DEMATERIALISATION OF SHARES

Of the 20,78,980 shares held by the public, 19,67,775 shares have been dematerialised. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates.

DIRECTORS

Dr. A. B. Kerkar has been re-appointed as Managing Director for a period of 5 years with effect from 1st April 2008. The re-appointment is subject to approval of the members in the General Meeting. Accordingly the necessary approval of the members is sought at the ensuing Annual General Meeting.

Pursuant to Section 256 of the Companies Act, 1956, Mr. Mahendra Lodha and Mr. Arvind S Herwadkar retire at the 21st Annual General Meeting and being eligible, offer themselves for re-appointment.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of RBI Directions 1998.

EMPLOYEES

The Company does not have any employee covered by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings (last year Rs. 4,328.02 Lacs towards sale of shares) as well as there are no outgoings during the year.

CORPORATE GOVERNANCE

The detailed report on the various issues, including the Auditor's Report on Corporate Governance is attached to this Report.

AUDITORS & AUDITORS REPORT

Messrs. Ray & Ray, Chartered Accountants who had been appointed by the members at the Twentieth Annual General Meeting as the Statutory Auditors for the year 2007-2008 would be retiring at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Auditors have confirmed their eligibility and willingness to accept the office, if re-appointed. The members are requested to consider their re-appointment.

With respect to the observations of the Auditors in the Annexure to their Report, the response of the management is as under :-

Clause 5 regarding Loans

Loans Granted :-

In view of the present financial position of V Hotels Ltd., in which your Company presently hold 50% of equity stake, it was decided not to charge interest. The financial position of V Hotels Ltd. is expected to strengthen once their legal disputes are resolved.

Loans Taken :-

The Management of your Company are in negotiations with the Lenders for a suitable repayment schedule.

Clause 10 regarding absence of internal audit system:

The present scale of operations does not warrant a formal internal audit system. However, its control procedures ensure reasonable internal checking of its financial and other records.

Clause 12 regarding delays in payment of statutory dues:

Due to liquidity problems faced by the Company, there has been a delay in payment of the statutory dues.

Clause 19 regarding terms of guarantee being prejudicial to the interest of the Company:

The prime security based on which the Banks have disbursed / guaranteed loans to the other Company is the charge on the immovable property owned by other Company and the guarantee is only by way of additional security. In the opinion of the management, the market value of the immovable property charged is far in excess of the loans disbursed / guaranteed by the Banks.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 :

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirms that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed.
- the Company has selected and applied such accounting policy consistently and judgements and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and profit of the Company for that period.
- proper and sufficient care has been taken for maintenance of accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.
- the annual accounts are prepared on a going concern basis.

ACKNOWLEDGEMENTS :

Your Directors take this opportunity to express their sincere gratitude to the Shareholders for their continued support.

For and on behalf of the Board

Place:Mumbai

Date : June 24, 2008

A. B. M. Good

Chairman





**Tulip
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REPORT ON CORPORATE GOVERNANCE

Introduction :

Your Company has complied during the financial year 2007-08 in all material respects with the features of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchange.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below :-

1. Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance practices lead to long term shareholder value and enhance the interest of other stakeholders.

2. Board of Directors

Your Board presently comprises of 1 executive director and 6 non-executive directors out of which 4 are independent directors.

The Board of the Company met 6 times during the last financial year on April 18, 2007, July 31, 2007, August 31, 2007, September 28, 2007, October 29, 2007 and January 19, 2008.

Attendance of each Director at the Board Meetings in 2007-08 and last Annual General Meeting and number of Companies and Committees where he is Director / Member (as on March 31, 2008) :-

Name of the Director	Category of Directorship	Attendance at last AGM held on September 28, 2007	No. of Board Meetings attended	Number of	
				Other Directorships*	Other Committee Memberships
Mr. A. B. M. Good	Non-Executive Chairman	Present	4	12	–
Dr. A. B. Kerkar	Managing Director	Present	6	9	–
Mr. Mahendra Lodha	Independent & NED	Absent	None	14	10
Mr. Peter A. Kerkar	NED	Absent	2	20	–
Mr. Arvind S. Herwadkar	Independent & NED	Present	5	1	–
Mr. Pesi S. Patel	Independent & NED	Absent	2	11	–
Mr. Shailesh S. Mody	Independent & NED	Present	6	3	–

* Includes Companies incorporated outside India.

NED – Non-Executive Director

3. Code of Conduct for Board of Directors and Senior Management :

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. All Board members and Senior Management have confirmed compliance with the Code for the year ended March 31, 2008. The Annual Report contains a declaration to this effect signed by the Managing Director.

4. Audit Committee

The terms of reference of this Committee are wide enough covering matters specified for Audit Committees under the Listing Agreement.

During the financial year 2007-2008, the Audit Committee met 4 times. The attendance of the Audit Committee Members at the meetings is given below :-

Name of the Director	Status	No. of meetings attended
Mr. Mahendra Lodha	Chairman	NIL
Mr. A. B. M. Good	Member	3
Mr. Arvind S. Herwadkar	Member	3
Mr. Shailesh S. Mody	Member	4

5. Remuneration Committee

In the absence of any remuneration to the Managing Director, the Company has not constituted a Remuneration Committee.

All Directors, except the Managing Director, were Non-Executive Directors for the financial year 2007-08. The Directors are paid only sitting fees for attending Board Meetings. Details of such sitting fees paid to Directors for the year ended March 31, 2008 are as follows:-

Name of the Director	Rs.
Mr. A. B. M. Good	4,000
Dr. A. B. Kerkar	6,000
Mr. Mahendra Lodha	Nil
Mr. Peter A. Kerkar	2,000
Mr. Arvind S. Herwadkar	5,000
Mr. Pesi S. Patel	2,000
Mr. Shailesh S. Mody	6,000
Total	25,000

6. Investor Grievance Committee

The Company's Registrar, Intime Spectrum Registry Ltd. and the Company received 20 letters during the financial year 2007-08, dealing with various subjects such as revalidation, change of address, registration of nominations, non-receipt of share certificates, non-receipt of stickers, non-receipt of demat credit, Power of Attorney registration, registration of signatures, etc. All these were resolved to the satisfaction of the Shareholders / Investors.

7. General Body Meetings

The location and time of the Annual General Meetings held during the last 3 years are as follows :

Annual General Meeting	Date	Venue	No. of Special Resolutions passed
18th AGM	September 27, 2005	The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001	1
19th AGM	September 27, 2006	The Ghalib Hall at SCOPE Convention Centre, Core 8, SCOPE Complex, 7 Lodhi Road, New Delhi – 110 003	Nil
20th AGM	September 28, 2007	Hotel Broadway, Asaf Ali Road, New Delhi – 110 002	1

8. Disclosures

- The disclosures on related party are as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India and are given in Note No. 6 of the Notes to Accounts (Schedule 10).
- No penalties or strictures have been imposed on the Company by SEBI or Stock Exchanges or any other statutory authority on any matter related to capital markets for non compliance by the Company.
- In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a firm of practising Company Secretaries to confirm that the aggregate number of equity shares of the Company held in NSDL, CDSL and in physical form tally with the total number of issued / paid-up, listed and admitted capital of the Company.
- Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- Pursuant to the provisions of sub-clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director (CEO) and the Chief Finance Officer have issued a certificate to the Board, for the Financial Year ended March 31, 2008.

9. Means of Communication

- The annual, half-yearly and quarterly results are submitted to the Stock Exchanges in accordance with the Listing Agreement and published in newspapers like Around the Times and Parivartan Bharati in New Delhi and Free Press Journal in Mumbai
- Management Discussion & Analysis forms part of this Annual Report.
- The quarterly financial results, shareholding pattern, annual report, etc. are uploaded on the website www.sebiedifar.nic.in.



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10. General Shareholder Information

AGM Date, Time and Venue
(*Refer to Addendum)

Financial Calender

Financial Reporting for :-

Quarter ending 30th June 2008

Quarter ending 30th September 2008

Quarter ending 31st December 2008

Quarter ending 31st March 2009

Dates of Book Closure

(*Refer to Addendum)

Listing on Stock Exchanges

Stock Code – Physical

Demat ISIN

Registrars & Transfer Agents

Person to contact

Share Transfer System

Tuesday, September 30, 2008 at 11.00 a.m. at Constitution Club, Rafi Marg, New Delhi - 110 001.

July 2008

October 2008

January 2009

April / June 2009

Monday, September 22, 2008 to Tuesday, September 30, 2008

(both days inclusive)

The Stock Exchange, Mumbai. The listing fees have been paid for the financial year 2008-09. The Company has got the securities delisted from the Delhi Stock Exchange as intimated by them vide their letter No. DSE/LIST/195 dated March 20, 2006.

SEBI had issued a circular No. MRD/DoP/SE/DEP/CIR dated January 28, 2005, stating that issuer Companies are required to pay custodial fees to the depositories with effect from April 01, 2005. Accordingly, the Company has paid custodial fees for the year 2008-09 to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

531088 (BSE)

INE379C01016

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (W), Mumbai - 400 078.

Mr. Mahadevan Iyer / Ms. Udaya Rao.

The Company's Registrar & Transfer Agent, Intime Spectrum Registry Ltd. process share transfers normally within a maximum period of 30 days from the date of receipt, including dispatch of share certificates, if all the required documentation is complete in all respects. The power of approving individual transfers up to 10,000 shares has been delegated to the Registrar & Transfer Agent. Company's Registrar & Transfer Agent approve transfers every week.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Market Price Data

High/low during the year/month in the financial year 2007-08

Share price on the Stock Exchange, Mumbai (Face Value Rs.10)

Months	High (Rs.)	Low (Rs.)
April 2007	83.55	57.50
May 2007	81.50	65.00
June 2007	75.60	66.00
July 2007	73.25	55.50
August 2007	66.40	48.60
September 2007	68.90	55.10
October 2007	119.00	52.00
November 2007	114.50	84.70
December 2007	105.70	87.00
January 2008	119.10	77.00
February 2008	91.05	73.55
March 2008	96.55	62.05

Distribution of Shareholding as on March 31, 2008

Shareholding of nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 – 5000	1,697	86.36	2,31,656	5.02
5001 – 10000	112	5.70	95,932	2.07
10001 – 20000	60	3.05	90,698	1.97
20001 – 30000	25	1.27	63,955	1.39
30001 – 40000	12	0.61	43,936	0.96
40001 – 50000	9	0.46	43,597	0.95
50001 – 100000	13	0.66	97,052	2.10
100001 & above	37	1.89	39,43,174	85.54
Total	1,965	100.00	46,10,000	100.00

Distribution Schedule as of March 31, 2008

Particulars	No. of equity shares			% of shareholding
	Demat	Physical	Total	
Promoters & Persons Acting in Concert	1,78,590	23,52,430	25,31,020	54.90
Bodies Corporate	9,73,857	4,800	9,78,657	21.23
NRI's / OCB's	31,622	-	31,622	0.68
Public	9,60,296	1,08,405	10,68,701	23.19
Total	21,44,365	24,65,635	46,10,000	100.00

11. **Insider Trading :**

The code of internal procedure of conduct and code of corporate disclosure practices as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended by the Notification of 20th February 2002 is applicable to all Directors as well as to all such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company.

12. **Address for Correspondence :**

Shareholders Correspondence should be addressed to Company's Registrar & Share Transfer Agents, Intime Spectrum Registry Ltd at the address mentioned in this Annual Report. Shareholders holding shares in electronic mode should address all their correspondence to the respective Depository Participants.

Secretarial Office :

Mr. Sanjeev D. Shenvi,
Company Secretary
Tulip Star Hotels Ltd.
Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

Registered Office :

Mr. S. N. Gupta / Mr. Suresh Arora
Tulip Star Hotels Ltd.
Indra Palace, H-Block,
Connaught Circus,
New Delhi – 110 001

Corporate Office :

Mr. Shaunak A. Paigankar
Chief-Accounts & Finance
Tulip Star Hotels Ltd.
Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

13. **Non-Mandatory Requirements :**

The Company would implement non-mandatory requirements in due course as an when required and/or deemed necessary by the Board

On behalf of the Board

Place : Mumbai
Date : June 24, 2008

A. B. Kerkar
Managing Director



**Tulip
Star
Hotels
Ltd.**

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO CODE OF CONDUCT

In accordance with Clause 49 sub clause I (D) of the Listing Agreement with the Bombay Stock Exchange Ltd., I hereby confirm that all the Directors and the senior management personnel of the Company have affirmed compliance to their respective Codes of the Conduct as applicable to them for the financial year ended March 31, 2008.

Place : Mumbai
Date : June 24, 2008

A. B. Kerkar
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

**The Members of
Tulip Star Hotels Limited**

We have examined the compliance of conditions of Corporate Governance by Tulip Star Hotels Ltd., for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

According to the information and explanations given to us and as per the records available with the Company, we state that there were no investor grievances remaining unattended / pending for more than 30 days. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency with which the management has conducted the affairs of the Company.

For Ray & Ray
Chartered Accountants

Place : Mumbai
Date : June 24, 2008

Anil V. Karnik
Partner

ADDENDUM TO CORPORATE GOVERNANCE

The Board of Director at their meeting held on August 26, 2008 had passed the resolution to make an Application to Registrar of Companies, NCT of Delhi and Haryana to seek extension of time for convening the AGM for the Financial Year 2007-2008 up to December 31, 2008. The Ministry of Corporate Affairs vide their letter dated September 22, 2008 granted extension up to November 30, 2008 to hold AGM of the Company. As such, Board of Directors at their meeting held on October 31, 2008, decided to hold 21st AGM of the Company on Friday, November 28, 2008 at 3.30 p.m. at the Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi - 110 001. Further, in the said Board Meeting, the Board of Directors also decided to keep the Register of Share Transfers closed from Saturday, November 22, 2008 to Friday, November 28, 2008 (both days inclusive).

Place : Mumbai
Date : October 31, 2008

A. B. Kerkar
Managing Director

AUDITORS' REPORT

To,

The Members of
Tulip Star Hotels Limited

1. We have audited the attached Balance Sheet of Tulip Star Hotels Limited as at March 31, 2008 and the annexed Profit & Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors we report that none of the directors is disqualified as on March 31, 2008 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
5. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2008;
 - b) in the case of the Profit & Loss Account of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For Ray & Ray
Chartered Accountants

Anil V. Karnik
Partner
Membership No. 31005

Place : Mumbai
Date : June 24, 2008



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in para 3 of the Auditors' Report to the members of Tulip Star Hotels Limited for the year ended March 31, 2008 :

- The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
- The Company has disposed off all its assets during the year and therefore clause (i)(b) of paragraph 4 of the aforesaid Order is not applicable to the Company.
- During the year, the Company has disposed of all of its assets. However, this disposal does not adversely affect the going concern status of the Company.
- The Company did not hold any inventories during the year.
- The following are the particulars of unsecured loans taken / granted by the Company from / to companies firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

Details of loans taken:

No.	Party	Relationship	Amount(Rs.) (Rs.)	Year-End Balance
1	ABK Enterprises P. Ltd	Common Directors	Nil	1,10,000
2	Cox And Kings (I) Ltd	Common Directors	10,65,00,000	13,30,00,000
3	Ezeego One Travels and Tours Pvt. Ltd.	Common Directors	1,00,00,000	1,00,00,000

Interest at 15% p.a. is charged by Cox And Kings India Ltd., which rate in our opinion is not prejudicial to the interests of the Company.

We are given to understand that loan from Ezeego One Travels and Tours Pvt. Ltd. was interest free, which is not prejudicial to the interests of the Company.

We are given to understand that loan from ABK Enterprises Pvt. Ltd. is interest free, which is not prejudicial to the interests of the Company.

We are given to understand by the Company's management that these loans are repayable on demand, which in our opinion is prima facie prejudicial to the interests of the Company.

According to the information and explanations given to us, the abovementioned loans are repayable on demand. Accordingly the question of regularity in repayment of principal does not arise.

Details of loans granted:

No.	Party	Relationship	Amount(Rs.) (Rs.)	Year-End Balance (Rs.)
1	Tulip Hotels P. Ltd.	Common Directors	1,80,00,000	Nil
2	V Hotels Ltd.(formerly known as Tulip Hospitality Services Ltd.)	Common Directors	1,36,60,000	35,96,60,000

As the above loans are interest free, we are of the opinion that terms and conditions with respect to interest in case of loans granted are prima facie prejudicial to the interest of the Company.

There are no stipulations as regards repayments of these loans. Consequently, we are unable to comment on the regularity or otherwise of repayment of principal.

In view of the above comment, the question of overdues does not arise. There is no evidence to indicate steps taken by the Company for recovery.

- In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods / services. Further, during the course of our audit, we have neither come across nor have we been informed of any instances indicative of major weaknesses in the aforesaid internal control procedures, which would require corrective action.
- On the basis of our examination of the books of account and according to the information and explanations provided by the management we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices of the relevant time.
- The Company has not accepted any deposits from the public during the year under sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Further, during the course of our audit, we have neither come across nor have we been informed of any order passed under the aforesaid sections by the National Company Law Tribunal during the year.
- The Company does not have an internal audit system.
- In our opinion, clause VIII of paragraph 4 of the aforesaid Order pertaining to maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company.
- According to the books and records as produced before us and examined by us in accordance with generally accepted auditing practices in India and the management's representation, we are of the opinion that the Company is not regular in depositing, barring investor protection fund, with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax. Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess are not applicable to the Company.

The following unpaid statutory dues have remained outstanding as on 31.3.2008 for a period exceeding six months from the date they became payable.

Income Tax Payable for AY 2007-08	Rs. 900.00 Lacs
Tax on Dividend	Rs. 3.54 Lacs
Tax Deducted at Source	Rs. 9.09 Lacs
Fringe Benefit Tax	Rs. 3.00 Lac

13. According to the records of the Company there are no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty / Cess which have not been deposited on account of any dispute except the following:

Nature of Disputed Dues	Amount (Rs. in Lacs)	Forum where dispute is pending
Income Tax Demands on completion of regular assessment for assessment years 2002-03	48.90	Income Tax Appellate Tribunal, New Delhi Bench
Interest Tax Demand on completion of regular assessment for assessment year 2000-01	0.51	Income Tax Appellate Tribunal, New Delhi Bench

14. The Company does not have accumulated losses as at the end of the year. The Company has incurred cash losses in the current year. Also, the Company has not incurred cash losses in the immediately preceding financial year.
15. The Company does not owe any dues to Banks/Financial Institutions and hence the clause (xi) of paragraph 4 of the aforesaid order is not applicable to the Company.
16. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other similar securities.
17. We are given to understand that the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
18. According to the information and explanation given to us, the Company is not dealing or trading in Shares, Securities, Debentures and other securities. We also report that the Company has held the Shares, Securities, Debentures and Other Securities in its own name.
19. The Company has given the following guarantees to various banks for loans taken by V Hotels Ltd. (formerly known as Tulip Hospitality Services Ltd.) The details of guarantees are as follows:

Name of the Bank	Amount of Guarantee given (Rs.)
Consortium of Banks	129,00,00,000 Plus interest
Canara Bank	4,40,00,000
ICICI Bank	12,40,000

According to the relevant records examined by us and on the basis of information and explanations given to us, as the terms and conditions of the guarantee given to consortium of banks amounting to Rs. 129 Cr. includes a clause that reserves to the consortium of banks the right to claim from the Company all sums due to them without having to first take recourse to the principal borrower, we are of the opinion that terms and conditions of the said guarantee are prejudicial to the interests of the Company.

20. According to the information and explanations given to us and on the basis of records examined by us no terms loans were raised during the year.
21. On the basis of review of utilization of funds on overall basis, the related information made available to us and as represented to us by the management, we are of the opinion that no funds raised on short term basis have been used for long term investments.
22. In our opinion and according to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
23. Since the Company has not issued any debentures during the year, the question of creation of any security or charge does not arise.
24. The Company has not raised any money by public issue during the year.
25. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices we have neither come across any instance of fraud on or by the management nor have we been informed of such case by the management.

For Ray & Ray
Chartered Accountants

Anil V. Karnik
Partner
Membership No. 31005

Place : Mumbai
Date : June 24, 2008





BALANCE SHEET AS AT MARCH 31, 2008

		SCHEDULE		As At 31.3.2007
		Rs.	Rs.	Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	46,100,000		46,100,000
Reserves & Surplus	2	315,299,414		398,266,977
Loan Funds				
Unsecured Loans	3	143,110,000		59,650,000
Deferred Tax Liability (Net)	4	(550,226)		1,557,201
		<u>503,959,188</u>		<u>505,574,178</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block - At Cost	5	–		929,659
Less : Depreciation		–		811,689
Net Block			–	117,970
Investments	6	220,607,000		220,607,000
Current Assets, Loans & Advances	7	381,330,651		376,799,466
Less : Current Liabilities & Provisions	8	<u>97,978,463</u>		<u>91,950,258</u>
		283,352,188		284,849,208
		<u>503,959,188</u>		<u>505,574,178</u>

Notes to Account 10
The Schedules referred to form integral part of this Balance Sheet

For and on behalf of the Board

As per our Report of even date

Ray & Ray
Chartered Accountants

A. B. M. Good
Chairman
Place : Mumbai
Date : June 24, 2008

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008



Tulip
Star
Hotels
Ltd.

Previous
Year
Rs.

		SCHEDULE		
		Rs.	Rs.	
INCOME				
Profit on sale of Investments		–	–	400,550,000
Income From Hotel Operations		–	–	1,517,198
Interest (Gross) T.D.S Rs. Nil (P.Y. Rs. 20,40,333/-)		4,100,492	–	8,783,914
Dividend Income		19,500	–	308,500
Exchange Fluctuation Gain on Sale of Investment		–	–	2,302,678
Liability written back		–	–	1,041,929
Other Income		300	–	4,449
		<u>4,120,292</u>	<u>–</u>	<u>414,508,668</u>
EXPENDITURE				
Operating & Administrative Expenses	9	10,318,846	–	30,315,351
		<u>10,318,846</u>	<u>–</u>	<u>30,315,351</u>
Profit/(Loss) before Finance Cost, Depreciation and Provision for Taxation		(6,198,554)	–	384,193,317
Finance Cost(Including Rs 750 Lacs paid as OTS to The Saraswat Co-operative Bank Ltd.)		79,766,203	–	1,652,364
Profit/(Loss) before Depreciation and Provision for Taxation		(85,964,757)	–	382,540,953
Depreciation		15,312	–	87,545
Profit/(Loss) before Provision for Taxation		(85,980,069)	–	382,453,408
Provision for Taxation		–	–	–
Current Tax (Including provision made for earlier years)		2,431,939	–	90,000,000
Fringe Benefit Tax (Net of Excess Provision written back for earlier year)		125,000	–	161,774
Deferred Tax		(2,107,427)	–	(58,582)
Profit/(Loss) after Provision for Taxation		(86,429,581)	–	292,350,216
Add / Less:- Profit & Loss Account Balance brought down from previous year		271,792,770	–	(15,163,977)
Amount Available for Appropriation		<u>185,363,189</u>	<u>–</u>	<u>277,186,239</u>
APPROPRIATIONS				
Proposed Dividend		–	–	4,610,000
Tax on Dividend		–	–	783,469
Dividend and Tax thereon written back		(2,954,044)	–	–
Profit and Loss Account Balance Carried Forward to Balance Sheet		<u>188,317,233</u>	<u>–</u>	<u>271,792,770</u>
		<u>185,363,189</u>	<u>–</u>	<u>277,186,239</u>
Earning Per Share (Basic and Diluted)		(18.75)	–	63.42

Notes to Accounts 10
The Schedules referred to form integral part of this Profit and Loss Account
For and on behalf of the Board

As per our Report of even date
Ray & Ray
Chartered Accountants

A. B. M. Good
Chairman
Place : Mumbai
Date : June 24, 2008

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner



**Tulip
Star
Hotels
Ltd.**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008**

	Rs.	Rs.	As At 31.3.2007 Rs.
SCHEDULE "1"			
SHARE CAPITAL			
Authorised 100,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000	100,000,000
Issued, Subscribed and Paid-up 46,10,000 (P. Y. 46,10,000) Equity Shares of Rs. 10/- each fully paid-up	46,100,000	46,100,000	46,100,000
	46,100,000	46,100,000	46,100,000
SCHEDULE "2"			
RESERVES & SURPLUS			
Share Premium	111,000,000	111,000,000	111,000,000
General Reserve Balance as per last Balance Sheet	15,474,207	15,474,207	15,474,207
Add :- Addition on account of transitional Provision as per Accounting Standard 15	507,974	-	-
	15,982,181	15,474,207	15,474,207
Profit & Loss Account Balance	188,317,233	271,792,770	271,792,770
Total	315,299,414	398,266,977	398,266,977
SCHEDULE "3"			
UNSECURED LOANS			
From Corporate Bodies	143,110,000	59,650,000	59,650,000
	143,110,000	59,650,000	59,650,000

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008**



**Tulip
Star
Hotels
Ltd.**

As At
31.3.2007
Rs.

SCHEDULE "4"

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liabilities and Assets are attributable to the following items

Liabilities

Depreciation

Less : Assets

Provision for Gratuity

Provision for Leave Encashment

	Rs.	
	-	1,978,055
177,900		420,854
<u>372,326</u>		<u>-</u>
	<u>550,226</u>	<u>420,854</u>
	<u>(550,226)</u>	<u>1,557,201</u>

SCHEDULE "5" - FIXED ASSETS

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2007	Additions during the year	Adjustment during the year	Total	As at 1.4.2007	For the year	Adjustment during the year	Total	As at 31.3.2008	As at 31.3.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Vehicles	929,659	-	929,659	-	811,689	15,312	827,001	-	-	117,970
Grand Total	929,659	-	929,659	-	811,689	15,312	827,001	-	-	117,970
Previous Year	2,394,284	-	1,464,625	929,659	1,924,864	87,545	1,200,720	811,689	117,970	-

As At
31.3.2007
Rs.

SCHEDULE "6"

INVESTMENTS - (AT COST)

Trade Investments (Unquoted)

V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.)

A. 22,00,000 (P. Y. 22,00, 000) equity shares of Rs. 10/- each fully paid-up

B. 50,000 Redeemable Preference Shares (P. Y. 50,000) of Rs. 100/- each fully paid up

The Saraswat Co-operative Bank Ltd.

2500 (P. Y. 2500) equity shares of Rs. 10/- each fully paid up

The Greater Bombay Co-operative Bank Ltd.

4000 (P. Y. 4000) equity shares of Rs. 25/- each fully paid up

	Rs.	
	219,982,000	219,982,000
	500,000	500,000
	25,000	25,000
	100,000	100,000
	<u>220,607,000</u>	<u>220,607,000</u>



Tulip
Star
Hotels
Ltd.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008

	Rs.	Rs.	As At 31.3.2007 Rs.
SCHEDULE "7"			
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets:			
Sundry Debtors (Unsecured and considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months	2,516,592		2,516,592
Other Debts	—		—
		2,516,592	2,516,592
Less Provision for Doubtful Debts		2,516,592	2,516,592
		—	—
Cash and Bank Balances			
Cash and cheques on hand	—		—
With Scheduled Banks:-			
(a) Current Account	7,759,072		3,855,169
(b) Dividend Account	146,580		127,128
		7,905,652	3,982,297
		7,905,652	3,982,297
Loans and Advances :			
(Unsecured and considered good)			
Advances recoverable in cash or in kind or for value to be received	3,660,683		3,212,853
Less:- Provision for Doubtful Advance	1,500,000		1,500,000
	2,160,683		1,712,853
Due From Bodies Corporate Including interest accrued Rs. Nil Lacs (P.Y. Rs. Nil Lacs)	359,660,000		359,500,000
Sundry Deposits	11,604,316		11,604,316
		373,424,999	372,817,169
		381,330,651	376,799,466
SCHEDULE "8"			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities:			
Sundry Creditors	12,895,073		15,194,352
Unclaimed Dividend	146,727		127,277
		13,041,800	15,321,629
Provisions:			
Provision for Taxation (Net of Taxes Paid)	84,582,198		71,235,160
Proposed Dividend	—		4,610,000
Tax on Dividend	354,465		783,469
		84,936,663	76,628,629
		97,978,463	91,950,258

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008**



**Tulip
Star
Hotels
Ltd.**

	Rs.	Rs.	Previous Year Rs.
SCHEDULE "9"			
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, bonus, etc.		2,831,589	2,725,072
Contribution to Provident & Other Funds		332,604	298,713
Gratuity		52,882	111,500
Staff Welfare		41,800	40,194
Printing and Stationery		53,813	55,211
Travelling and Conveyance		792,453	598,007
Communication Expenses		259,272	219,600
Auditors' Remuneration			
Audit fees	64,607		56,180
Tax audit fees	22,472		22,448
Other Matters	44,944		44,896
		132,023	123,524
Professional Fees		3,055,939	20,336,403
Insurance		6,702	—
Directors Sitting Fees		25,000	22,000
Lease Tax		—	97,930
Sundry Advances Written Off		775,050	272,808
Loss on Sale of Assets		77,658	263,904
Provision for Doubtful Advances		—	1,500,000
Sundry Expenses		1,882,061	3,650,485
		<u>10,318,846</u>	<u>30,315,351</u>

SCHEDULE "10"
NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES :

Significant accounting policies adopted in the presentation of accounts are as under:

(a) **Basis of Accounting:**

Accounts of the Company are prepared under the historical cost convention on an accrual basis in accordance with applicable accounting standards specified by the Institute of Chartered Accountants of India.

(b) **Income:**

In respect of income, including interest income on loans and advances, the Company accounts for such income on an accrual basis save and except the items of revenue in regard to which there exists significant uncertainty about the ultimate realisation thereof.

(c) **Expenses:**

Expenses are accounted on accrual basis.

(d) **Depreciation:**

The depreciation on owned assets is provided as per the provisions of Schedule XIV of the Companies Act, 1956, on written down value method.

(e) **Fixed Assets:**

Fixed Assets are stated at cost less depreciation / amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs.

(f) **Investments:**

i. Long term investments are stated at cost less any permanent diminution, in value, if any.

ii Current investments are carried at the lower of cost and fair value, determined on a category wise basis.



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SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

- (g) **Inventories:**
Stock-in-trade is valued at cost or market value whichever is lower.
- (h) **Foreign Currency Transactions:**
Transactions in foreign currencies are recognised at rates of exchange prevailing on the date of the transaction. Gain / Loss arising out of fluctuation in exchange rate is accounted for on realisation.
- (i) **Employee Benefits**
Defined Contribution Plan:
The Company's Provident Fund Scheme is defined contribution plans. The contributions paid / payable during the year are recognized in the Profit and Loss Account during the period in which the employees renders the related service.
Defined Benefit Plans:
The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.
The present value of the obligation under such benefit plans is determined on the basis of actuarial valuation using the Projected Unit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields of Government Securities as at the balance sheet date.
Short Term Employee Benefits - Compensated Absences:
The Company accrues the liability for compensated absence based on the actuarial valuation as at the balance sheet date conducted by an independent actuary.
- (j) **Segment reporting**
The accounting policies of Segment reporting are in line with the accounting policies of the Company with the following additional policies :-
a) Inter-segment revenues have been accounted on the basis of prices charged to external customers.
b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Expenditure, which relates to the enterprise as a whole and not allocable to Segments on a reasonable basis, has been included under "Unallocated Expenditure."
- (k) **Taxes**
a) Current tax is determined in accordance with Income Tax Act, 1961.
b) Deferred tax is recognised for all the timing differences. Deferred tax assets are recognised when considered prudent.
- (l) **Share Issue Expenses**
The expenses will be charged to Profit & Loss in a year in which the shares are issued.
- (m) **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. A qualifying assets is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- (n) **Provision, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.
2. The Saraswat Co-operative Bank Ltd., by its letter dated December 08, 2005 had demanded Rs. 978.44 lacs towards residual component of the loan. However, the bank had not initiated any legal proceedings towards the claim as the bank was in possession of the Third Party Securities. During the year the Company has paid Rs. 750 lacs to the bank under a One Time Settlement entered into with the said bank on the issue of residual amounts payable against the Term Loan of Rs 20 Cr. availed by the Company in 2002 which is accounted under Finance Cost.
3. The Company, as a confirming party to a Master Asset Purchase Agreement (MAPA) entered into between V Hotels Limited (Formerly known as Tulip Hospitality Services Ltd.) VHL, the owning Company of the Hotel Tulip Star Mumbai and Intending Purchaser, has placed its equity share holding in VHL with the Escrow Agents as security for the due performance by VHL of its obligations towards the Intending Purchaser under the MAPA.
4. The Company holds Long Term investment of Rs. 21,99,82,000 in the equity shares of V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.) whose hotel Tulip Star, Mumbai has discontinued operations since April, 2005. However, in view of the fact that the hotel has potential to resume commercial operations and also in view of the fact that the Management of V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.) has conveyed its intention to put into implementation its business plan in respect of the said property, the Management of the Company is of the opinion that its investment in V Hotels Ltd. (Formerly known as Tulip Hospitality Services Ltd.) has not suffered permanent diminution and hence no provision has been made towards this during the current year.
5. **CONTINGENT LIABILITIES :**
a) No provision is considered in respect of income tax and interest tax demands aggregating to Rs. 48.90 lacs (Previous Year Rs. 113.83 lacs) for earlier assessment years under various stages of appeal. Out of the above, the Company has paid the demands to the extent of Rs.19.80 lacs up to March 31, 2008 (Previous Year Rs. 24.02 lacs).

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
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b) The Company has given guarantees to banks and a finance company for repayment of loans and all amounts payable thereon in consideration of loans aggregating to Rs.13,352 lacs (Previous Year Rs. 13,352 lacs) disbursed/guaranteed by them to V Hotels Ltd. (formerly known as Tulip Hospitality Services Ltd.), the erstwhile wholly owned subsidiary of the Company.

6. RELATED PARTY DISCLOSURES :

a) Related parties with whom transactions have taken place during the year.

Associates :

Cox And Kings (India) Ltd.
Tulip Hotels Pvt. Ltd.
V Hotels Ltd. (formerly known as Tulip Hospitality Services Ltd.)
Tulip Star Leisure & Health Resorts Ltd.
ABK Enterprises Pvt. Ltd.
Liz Investments Pvt. Ltd.
Kubber Investments (Mauritius) Pvt. Ltd.
Ezeego One Travels and Tours Pvt. Ltd.

Key Management Personnel :

Mr. A. B. M. Good
Dr. A. B. Kerkar
Mr. Peter A. Kerkar
Mr. Mahendra Lodha
Mr. Arvind S. Herwadkar
Mr. Pesi S. Patel
Mr. Shailesh S. Mody

b) Transactions with Related Parties

(Rupees)

	Associates	Key Management Personnel
Sale of Investments	— (43,07,50,000)	
Interest Income	— (87,83,914)	
Interest Payment	47,66,203 (16,52,364)	
Dividend Income	— (2,94,000)	
Hotel Consultancy Fees	— (15,17,198)	
Director's Sitting Fees		25,000 (22,000)
Inter Corporate Deposits placed during the year	3,30,00,000 (35,95,00,000)	
Inter Corporate Deposits recovered during the year	3,28,40,000 (8,95,00,000)	
Inter Corporate Deposits outstanding as of March 31, 2008	35,96,60,000 (35,95,00,000)	
Advances received	65,20,529 (44,54,80,227)	
Advances paid	56,54,214 (33,64,80,972)	
Payments made by Company on behalf of Related Party	1,01,49,485 (8,13,51,976)	
Payments made by Related Party on behalf of Company	89,22,344 (2,70,38,177)	
Loans repaid during the year	3,30,40,000 (22,02,50,000)	
Loans accepted during the year	11,65,00,000 (5,91,00,000)	
Loans outstanding as on March 31, 2008	14,31,10,000 (5,96,50,000)	
Guarantees outstanding as of March 31, 2008	1,33,52,40,000 (1,33,52,40,000)	

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
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c) Disclosure required by clause 32 of the Listing Agreement

Amount of loans/advances in nature of loans outstanding from an Associate Company during financial year 2007-08

Name of the Company	O/s as of March 31, 2008 Rs.	Maximum amount o/s during the year Rs.	Investment in shares of the Company Rs.	Investment in Shares of subsidiaries of the Company Rs
Associates V Hotels Ltd. (Formerly Known as Tulip Hospitality Services Ltd.)	35,96,60,000	35,96,60,000	22,04,82,000	—

7. SEGMENT DISCLOSURE

PARTICULARS	(Rupees in Lacs)	
	For the year ended 31-03-2008	For the year ended 31-03-2007
1. Segmental Revenue		
A. Finance	—	98
B. Hotel Management	—	4,047
Total	—	4,145
Less : Inter Segment Revenue	—	—
Net Income from Operations	—	4,145
2. Segment Profits		
A. Finance	—	92
B. Hotel Management	—	3,765
Total	—	3,857
Less :		
1. Interest	—	16
2. Other unallocable expenditure (net of unallocable income) and Depreciation	—	16
Total Profit Before Tax	—	3,825
3. Capital Employed		
A. Finance	—	651
B. Hotel Management	—	4,404
Total	—	5,055

8. EARNING PER SHARE

a) The amount used as the numerator in calculating basic and diluted earning per share is the Net Profit disclosed in the Profit and Loss Account.

b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 46,10,000 (previous year 46,10,000)

9. The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

10. Earnings in Foreign Exchange are as follows :-

Particulars	Current Year Rs.	Previous Year Rs.
Profit on Sale of Investments including Exchange Fluctuation Gain	Nil	402,802,678

11. Balance confirmations have not been obtained in respect of year end balances of Sundry Creditors, Sundry Debtors and Loans and Advances due to / by the Company (excluding group and associate companies).

12. Proposed dividend and the corresponding corporate dividend tax with respect to Equity shares on which the right to receive dividend was waived by certain shareholders has been transferred to Profit & Loss Account.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008**



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13. Employee Benefit

Details	Post Employment Benefits
Nature of benefit	Defined benefit – Gratuity
Assets & liabilities recognized in balance sheet	
Present value of unfunded defined benefit obligations	Rs. 5,75,726
Present value of funded or partly funded defined benefit obligations	NA
Fair value of plan assets	NA
Past service cost not recognized in balance sheet	NA
Any amount nor recognized as asset	NA
Fair value of any reimbursement rights recognized as asset	NA
Other amounts, if any, recognized in balance sheet	Rs. 5,75,726
Amounts included in fair value of plan assets:	
Own financial instruments	NA
Property or other assets used	NA
Movement in net liability:	
Opening liability (net of Transitional Liability)	Rs. 5,22,844
Expenses	Rs. 52,882
Contribution	NA
Closing liability	Rs. 5,75,726
Expenses recognized in profit & loss account	
Current service cost	Rs. 63,940
Interest cost	Rs. 46,943
Expected return on plan assets	NA
Expected return on reimbursement rights	NA
Actuarial gains / (losses)	Rs. 58,001
Net Expenses including payments to and provision for employees	Rs. 52,882
Actuarial Assumptions	
Discount rates	8% pa
Expected rate of returns on plan assets	NA
Expected rate of returns on reimbursement rights	NA
Expected rate of salary increase	5% pa
Mortality	LIC 1994-96 Ultimate
Retirement age	60 years

Transitional liability on adoption of AS 15 (Revised)

Transitional liability on adoption of AS 15 (Revised) has been accounted by way of a credit to the brought forward Reserves & Surplus as prescribed in the said accounting standard.

The amount of transitional liability (net of deferred tax) credited to Reserves & Surplus is as under:

Transitional liability on account of defined benefit plans (Gratuity)	Rs. 4,21,031
Transitional liability on account of other benefits (Compensated Absences)	Rs. 86,943

14. Previous year's figures have been regrouped / reclassified wherever necessary.



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**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2008**

15. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :	
Registration No.	29184
State Code	055
Balance Sheet Date	31.03.2008
II. Capital Raised During the Period : (Amount in Rs. Thousands)	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds : (Amount in Rs. Thousands)	
Total Liabilities	503,959
Total Assets	503,959
Sources of Funds :	
Paid - up Capital	46,100
Reserves & Surplus	315,299
Unsecured Loans	143,110
Deferred Tax Liability	(550)
Application of Funds :	
Net Fixed Assets	Nil
Investments	220,607
Net Current Assets	283,352
Accumulated Losses	Nil
IV. Performance of Company : (Amount in Rs. Thousands)	
Turnover (Including Other Income)	4,120
Total Expenditure	90,100
Loss Before Tax	85,980
Loss After Tax	86,429
Earning Per Share in Rs.	(18.75)
Dividend Rate %	Nil
V. Generic Names of Three Principal Products of Company : (as per monetary terms)	
Item Code No. (ITC Code)	N. A.
Product Description	N. A.

For and on behalf of the Board

As per our Report of even date

Ray & Ray
Chartered Accountants

A. B. M. Good
Chairman
Place : Mumbai
Date : June 24, 2008

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

CASH FLOW STATEMENT



	31.03.2008 (Rs. in lacs)	31.03.2007 (Rs. in lacs)
A. CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net(Loss)/ Profit before Tax	(859.80)	3,824.53
Adjustments for		
Depreciation	0.15	0.88
Interest paid	797.66	16.52
Provision for Doubtful Advances	–	15.00
Loss Due to Assets Discarded	0.77	2.63
Operating (Loss)/Profit before working capital changes	(61.22)	3,859.56
Adjustments for		
Trade and other receivables	1.44	(2,700.34)
Trade Payables	(17.92)	(45.05)
Cash used in Operations	<u>(77.70)</u>	<u>1,114.17</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investments	–	301.01
Share Application Money	–	272.92
Sale Proceeds of Fixed Assets	0.25	–
Income Tax paid	100.36	(22.01)
Net Cash Inflow / (Outflow) from Investing Activities	<u>100.61</u>	<u>551.92</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans	834.60	(1,611.50)
Interest Paid	(797.66)	(16.52)
Dividend paid	(20.62)	–
Net Cash Flow (used in) / from Financing Activities	<u>16.32</u>	<u>(1,628.02)</u>
Net (decrease)/increase in Cash and Cash Equivalents	39.23	38.07
Cash and Cash Equivalents at the beginning of the year	39.82	1.75
Cash and Cash Equivalents at the end of the year	79.05	39.82

For and on behalf of the Board

As per our Report of even date

Ray & Ray

Chartered Accountants

A. B. M. Good
Chairman

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

Place : Mumbai
Date : June 24, 2008

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TWENTY FIRST ANNUAL REPORT 2007-2008

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Secretarial & Finance Dept : Chander Mukhi, Nariman Point, Mumbai - 400 021.