

22nd Annual Report
2008-2009



TULIP STAR HOTELS LTD.

BOARD OF DIRECTORS

As on August 11, 2009

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

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

Link Intime India Pvt. Ltd.,

C-13, Pannalal Silk Mills Compound,

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

Mumbai - 400 078.

CHAIRMAN'S STATEMENT



Dear Shareholders,

The year 2008-09 was a difficult year for the tourism and hospitality industry. After four years of robust growth, tourism slowed down during the global economic downturn, which started in early 2008. It thus impacted the hospitality industry and is likely to continue to impact the sector in the near term. The terrorist attack on the iconic hotel properties in the city of Mumbai in November 2008 further impacted the industry throughout the country.

Travel & Tourism growth in 2008 slowed down to just 1% and is likely to contract by 3.3% in 2009 and to expand by only 0.3% in 2010. However, looking beyond the current crisis, travel & tourism is expected to resume its leading, dynamic role in global growth. World travel & tourism is expected to contribute nearly US\$5,474 billion to global GDP in 2009, rising to approximately US\$10,478 billion over the next ten years, according to the latest tourism satellite accounting (TSA) research from the World Travel & Tourism Council (WTTC). Fortunately, Asia Pacific and the Middle East are experiencing higher growth rates than the world average while the matured markets – most notably the Americas and Europe – are falling below the world average.

On another positive note, India now has a new Government with a clear mandate. I am confident that under the leadership of its experienced Prime Minister, Dr. Manmohan Singh, India will move forward dramatically in the coming months and years.

Despite the challenging environment in which we are operating, we anticipate moving closer to achieving our goal of providing a profitable investment for all our shareholders.

I should also like to thank all shareholders for your continued support which your Board is committed to justifying.

Place : Mumbai
Date : August 11, 2009

A. B. M. Good
Chairman



Tulip
Star
Hotels
Ltd.

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Tulip Star Hotels Limited will be held at The Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi – 110 001 on Friday, September 25, 2009 at 15.30 hrs to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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. A B M Good, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Pesi S. Patel, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

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. 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.
3. The Register of Members and the Share Transfer Books of the Company under the physical mode will remain closed from Saturday, September 19, 2009 to Friday, September 25, 2009 (both days inclusive).
4. Members are advised to address all correspondence quoting their Ledger Folio Number/ DPID Number and to immediately notify their change of address, if any, to the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. In case of any difficulty, members are requested to contact the Secretarial Office of the Company (Email : tshl@vsnl.in).
5. 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.
6. 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.
7. Information required to be furnished under Clause 49 of the Listing Agreement entered into with Stock Exchange regarding Directors to be re-appointed :-

Mr. A B M Good:

Mr. A B M Good has been a frequent business visitor to India for the last 4 decades. Mr. Good has made a pioneering contribution to the field of travel and public relations consultancy and has vast business experience. He is a Chairman of the UK-India Business Council (India) Ltd. - (UKIBC) and was for many years a member of the public affairs committee of the UK Society of Motor Manufacturers & Traders (SMMT). Mr. Good does not hold any share in the Company.

Mr. Good is on the Board of the following other public companies and their Board Committees :

| Sr. No. | Name of the Company | Position held | Committee membership/Chairmanship |
|---------|--|---------------|---|
| 1. | Cox And Kings (India) Ltd. | Chairman | Remuneration/ Compensation Committee, Share Transfer & Share Holder/ Investors Grievance Committee, Audit Committee |
| 2. | Good Relations (India) Ltd. | Chairman | |
| 3. | UK India Business Council (India) Ltd. | Chairman | |
| 4. | DQ Entertainment Plc | Director | |

Mr. Pesi S. Patel:

Mr. Pesi S. Patel is an entrepreneur for over 25 years having business interests and experience in engineering, manufacturing, trading and exports of services and goods. Mr. Pesi S. Patel holds 15,200 shares in the Company.

Mr. Patel is on the Board of the following other public company and their Board Committees :

| Sr. No. | Name of the Company | Position held | Committee membership/Chairmanship |
|---------|----------------------------|---------------|---|
| 1. | Cox And Kings (India) Ltd. | Director | Remuneration/ Compensation Committee, Share Transfer & Share Holder/ Investors Grievance Committee, Audit Committee |

8. Those members who have so far not encashed their dividend warrants for the below mentioned financial year, 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 date mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

Financial Year Ended
March 31, 2007

Due date of transfer
October 28, 2014

For and on behalf of the Board

Place : Mumbai
Date : August 11, 2009

Arvind S. Herwadkar
Director



**Tulip
Star
Hotels
Ltd.**

DIRECTORS' REPORT

To the Shareholders,

Your Directors present herewith the Twenty Second Annual Report and the audited accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

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

| | (Rs. in lacs) | |
|--|---------------|-----------|
| | 2008-2009 | 2007-2008 |
| Total Income | 12.09 | 41.20 |
| Profit/(Loss) before Depreciation, Finance Cost, Extraordinary items & Provision for Taxes | (61.00) | (61.98) |
| Less : Depreciation | – | 0.15 |
| Less : Finance Cost | 214.53 | 797.66 |
| Less : Provision for Income Tax | (68.14) | 4.49 |
| Profit/(Loss) for the year | (207.39) | (864.28) |
| Profit and Loss Account Balance | 1883.18 | 2717.92 |
| Balance available for Appropriation | 1675.79 | 1853.64 |
| Dividend and Tax thereon written back | – | 29.54 |
| Surplus / (Deficit) carried to Balance Sheet | – | 1883.18 |
| Total | – | 1853.64 |

The total income includes Rs. 11.70 lacs received towards interest on income tax refund. 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.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND :

During the year, in accordance with terms of Section 205C of the Companies Act, 1956, the unclaimed dividend for the year 2000-2001 was transferred to the Investor Education & Protection Fund established by Central Government.

FINANCE

The total borrowings stood at Rs. 17.39 crores as at March 31, 2009 as against Rs. 14.31 crores as on March 31, 2008. The increase in debt was on account of interest and payments on behalf of the Company.

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. However, the current economic slowdown all over the globe is likely to adversely impact the tourism business. The revenue of your Company is confined to a few handpicked 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.

Risks and Concerns

The tourism & hospitality industry is extremely sensitive to downturns in business cycles, terror attacks, epidemics, conflicts & natural calamities. 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

As a matter of prudence the Company has not accounted for interest on the amount owing by V Hotels Ltd. in which the Company holds 50 percent equity stake. The loss for the year is Rs. 207.39 Lacs as against loss of Rs. 864.28 Lacs for the previous year (including exceptional item of Rs. 750 lacs)

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.

DIRECTORS

The Managing Director of your Company, Dr. Ajit B. Kerkar was conferred the honour of Lifetime Achievement Award by South Asian Travel & Tourism Association for his outstanding contribution to the travel and tourism sector.

Pursuant to Section 256 of the Companies Act, 1956, Mr. A B M Good and Mr. Pesi S. Patel retire at the 22nd 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 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 Twenty First Annual General Meeting as the Statutory Auditors for the year 2008-2009 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 holds 50% of equity stake, it was decided not to charge interest. The Financial Position of V Hotels Ltd. is expected to strengthen once the legal disputes are resolved.

Loans Taken :-

The Management of your Company is in negotiations with the Lenders to have 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:



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The prime security based on which the Banks have disbursed / guaranteed loans to V Hotels Limited is the charge on the immovable property owned by V Hotels Limited 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 judgments 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 loss 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 : July 04, 2009

A. B. M. Good

Chairman

REPORT ON CORPORATE GOVERNANCE

Introduction :

Your Company has complied during the financial year 2008-09 in all material respects with the features of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

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 enhanced the interest of other stakeholders.

2. Board of Directors

Your Board presently comprises of 1 executive director and 5 non-executive directors out of which 3 are independent directors.

The Board of the Company met 7 times during the last financial year on June 03, 2008, June 24, 2008, July 29, 2008, August 26, 2008, October 31, 2008, November 28, 2008 and January 24, 2009.

Attendance of each Director at the Board Meetings in 2008-09 and last Annual General Meeting and number of Companies and Committees where he is Director / Member (as on March 31, 2009) :-

| Name of the Director | Category of Directorship | Attendance at last AGM held on November 28, 2008 | No. of Board Meetings attended | Number of | |
|-------------------------|--------------------------|--|--------------------------------|----------------------|-----------------------------|
| | | | | Other Directorships* | Other Committee Memberships |
| Mr. A. B. M. Good | Non-Executive Chairman | Absent | 6 | 25 | 3 |
| Dr. A. B. Kerkar | Managing Director | Absent | 6 | 9 | – |
| Mr. Mahendra Lodha | Independent & NED | Absent | 2 | 17 | 10 |
| Mr. Peter A. Kerkar** | NED | N.A. | – | – | – |
| Mr. Arvind S. Herwadkar | Independent & NED | Present | 7 | 1 | – |
| Mr. Pesi S. Patel | NED | Absent | 4 | 11 | 3 |
| Mr. Shailesh S. Mody | Independent & NED | Present | 5 | 3 | – |

* Includes Companies incorporated outside India.

**Resigned during the year.

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, 2009. 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 2008-2009, 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 | 2 |
| Mr. A. B. M. Good | Member | 4 |
| Mr. Arvind S. Herwadkar | Member | 4 |
| 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 2008-09. 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, 2009 are as follows:-

| Name of the Director | Rs. |
|-------------------------|---------------|
| Mr. A. B. M. Good | 6,000 |
| Dr. A. B. Kerkar | 6,000 |
| Mr. Mahendra Lodha | 2,000 |
| Mr. Peter A. Kerkar | NIL |
| Mr. Arvind S. Herwadkar | 7,000 |
| Mr. Pesi S. Patel | 4,000 |
| Mr. Shailesh S. Mody | 5,000 |
| Total | 30,000 |

6. Investor Grievance Committee

The Company's Registrar, Intime Spectrum Registry Ltd. and the Company had received 12 letters during the financial year 2008-09, 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 |
|------------------------|--------------------|--|-----------------------------------|
| 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 |
| 21th AGM | Nov ember 28, 2008 | The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001 | 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. 5 of the Notes to Accounts (Schedule 9).
- No penalties, 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 practicing 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, 2009.

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 Parivartan Bharati and Around the Times 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.

10. General Shareholder Information

| | |
|---|---|
| AGM Date, Time and Venue | Friday, September 25, 2009 at 15.30 hrs at The Deputy Speaker Hall Constitution Club, Vithalbhai Patel House, Rafi Marg, New Delhi - 110 001. |
| Financial Year | April 01, 2009 to March 31, 2010 |
| Tentative :- | |
| First Quarter Results/Limited Review Report | Last week of July 2009 / Last week of August 2009 |
| Half Yearly Results/Limited Review Report | Last week of October 2009 / Last week of November 2009 |
| Third Quarter Results/Limited Review Report | Last week of January 2010 / Last week of February 2010 |
| Audited Results for the year ended March 31, 2010 | June 2010 |
| Dates of Book Closure | Saturday, September 19, 2009 to Friday, September 25, 2009 (both days inclusive) |
| Listing on Stock Exchanges | The Stock Exchange, Mumbai. The listing fees have been paid for the financial year 2009-10. 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 2009-10 to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). |
| Stock Code – Physical | 531088 (BSE) |
| Demat ISIN | INE379C01016 |
| Registrars & Transfer Agents | Link Intime India Pvt.Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (W), Mumbai - 400 078. |
| Person to contact | Mr. Mahadevan Iyer |
| Share Transfer System | The Company's Registrar & Transfer Agent, Link Intime India Pvt. 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. |



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Market Price Data

High/low during the year/month in the financial year 2008-09
Share price on the Stock Exchange, Mumbai (Face Value Rs.10)

| Months | High (Rs.) | Low (Rs.) |
|----------------|------------|-----------|
| April 2008 | 111.75 | 65.25 |
| May 2008 | 293.00 | 117.30 |
| June 2008 | 318.00 | 128.55 |
| July 2008 | 147.20 | 99.55 |
| August 2008 | 134.00 | 105.00 |
| September 2008 | 117.50 | 95.00 |
| October 2008 | 99.00 | 67.50 |
| November 2008 | 75.90 | 60.10 |
| December 2008 | 75.60 | 55.15 |
| January 2009 | 69.30 | 49.00 |
| February 2009 | 65.00 | 51.35 |
| March 2009 | 59.95 | 51.45 |

Distribution of Shareholding as on March 31, 2009

| Shareholding of nominal value of Rs. | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
|--------------------------------------|---------------------|-------------------|--------------------|-------------------|
| 1 – 5000 | 1,623 | 88.20 | 18,336,70 | 3.97 |
| 5001 – 10000 | 92 | 5 | 7,38,260 | 1.60 |
| 10001 – 20000 | 44 | 2.39 | 6,93,910 | 1.50 |
| 20001 – 30000 | 18 | 0.97 | 4,41,600 | 0.95 |
| 30001 – 40000 | 12 | 0.65 | 4,31,290 | 0.93 |
| 40001 – 50000 | 8 | 0.43 | 3,77,910 | 0.81 |
| 50001 – 100000 | 11 | 0.59 | 8,84,260 | 1.91 |
| 100001 & above | 32 | 1.73 | 406,99,100 | 88.28 |
| Total | 1,840 | 100.00 | 46,10,0000 | 100.00 |

Distribution Schedule as of March 31, 2009

| Particulars | No. of equity shares | | | % of |
|---------------------------------------|----------------------|-----------|--------------------|--------|
| | Demat | Physical | Total shareholding | |
| Promoters & Persons Acting in Concert | 11,82,200 | 14,02,500 | 25,84,700 | 56.05 |
| Bodies Corporate | 8,389,85 | 4,800 | 8,43,785 | 18.30 |
| NRI's / OCB's | 30,794 | – | 30,794 | 0.65 |
| Public | 10,48,716 | 1,02,005 | 11,50,721 | 24.95 |
| Total | 31,00,695 | 15,09,305 | 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, Link Intime India Pvt. 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 – 400 049.

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. Ravindra G. Mohite
Accountant
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 : July 04, 2009

A. B. Kerkar
Managing Director



**Tulip
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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, 2009.

Place : Mumbai
Date : July 04, 2009

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, 2009, 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

Anil V. Karnik
Partner
Membership No. 31005

Place : Mumbai
Date : July 04, 2009

AUDITORS' REPORT

To,

The Members of
Tulip Star Hotels Limited

1. We have audited the attached Balance Sheet of Tulip Star Hotels Ltd. as at March 31, 2009 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, 2009 and taken on record by the record by the Board of Directors we report that none of the directors is disqualified as on March 31, 2009 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, 2009;
 - 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 : July 04, 2009



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, 2009 :

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
2. As the Company does not have any assets, clause (i) (b) of paragraph 4 of the aforesaid order is not applicable to the Company.
3. During the year, the Company did not have any assets. However, this does not adversely affect the going concern status of the Company.
4. The Company did not hold any inventories during the year.
5. 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 | 3,08,00,000 | 16,38,00,000 |
| 3 | Ezeego One Travels and Tours Pvt. Ltd. | Common Directors | Nil | 1,00,00,000 |

Interest at 15% p.a. is charged by Cox & 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 interest of the Company.

We are given to understand that loan from ABK Enterprises Pvt. Ltd. is interest free, which is not prejudicial to the interest 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 | V Hotels Ltd.(formerly known as Tulip Hospitality Services Ltd.) | Common Directors | 1,03,40,000 | 37,00,00,000 |

As the above loan is 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.

6. 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.
7. 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.
8. 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.
9. 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.
10. The Company does not have an internal audit system.
11. 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.



12. 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 regular in depositing, barring investor protection fund, with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, except for Tax Deducted at source 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 31.3.2009 for a period exceeding six months from the date they became payable.

| | |
|-----------------------------------|-----------------|
| Income Tax Payable for AY 2007-08 | Rs. 900.00 Lacs |
| Tax Deducted at Source | Rs. 12.07 Lacs |
| Fringe Benefit Tax | Rs. 1.50 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
14. The Company does not have accumulated losses as at the end of the year and the Company has incurred cash losses during the year and 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. 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 : July 04, 2009



**Tulip
Star
Hotels
Ltd.**

BALANCE SHEET AS AT MARCH 31, 2009

| | | SCHEDULE | | As At 31.3.2008 |
|--|---|--------------------|-----|--------------------|
| | | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 1 | 46,100,000 | | 46,100,000 |
| Reserves & Surplus | 2 | 294,560,399 | | 315,299,414 |
| Loan Funds | | | | |
| Unsecured Loans | 3 | 173,910,000 | | 143,110,000 |
| | | <u>514,570,399</u> | | <u>504,509,414</u> |
| APPLICATION OF FUNDS | | | | |
| Deferred Tax Assets | 4 | 7,514,235 | | 550,226 |
| Investment | 5 | 220,607,000 | | 220,607,000 |
| Current Assets, Loans & Advances | 6 | 393,455,855 | | 381,330,651 |
| Less : Current Liabilities & Provisions | 7 | <u>107,006,691</u> | | <u>97,978,463</u> |
| | | 286,449,164 | | 283,352,188 |
| | | <u>514,570,399</u> | | <u>504,509,414</u> |
| Notes to Account | 9 | | | |
| 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 : July 04, 2009

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Previous
Year
Rs.



| | SCHEDULE | Rs. | Rs. |
|--|----------|--------------------|--------------------|
| INCOME | | | |
| Interest (Gross) T.D.S Rs. 3,925 (P.Y. Rs. 3,829/-) | | 1,189,662 | 4,100,492 |
| Dividend Income | | 20,000 | 19,500 |
| Other Income | | 147 | 300 |
| | | <u>1,209,809</u> | <u>4,120,292</u> |
| EXPENDITURE | | | |
| Operating & Administrative Expenses | 8 | 9,656,799 | 10,318,846 |
| | | <u>9,656,799</u> | <u>10,318,846</u> |
| Profit/(Loss) before Finance Cost, Depreciation and Provision for Taxation | | (8,446,990) | (6,198,554) |
| Finance Cost(Previous year figure Includes Rs 750 Lacs paid as OTS to The Saraswat Co-operative Bank Ltd.) | | 21,453,009 | 79,766,203 |
| Profit/(Loss) before Depreciation, Extra Ordinary Items and Provision for Taxation | | (29,899,999) | (85,964,757) |
| Depreciation | | – | 15,312 |
| Profit/(Loss) before Extra Ordinary Items and Provision for Taxation | | (29,899,999) | (85,980,069) |
| Prior Period Adjustment | | 169,617 | – |
| Provision of Doubtful Debts Written Back | | 2,516,592 | – |
| Profit / (Loss) before Provision for Taxation | | (27,553,024) | (85,980,069) |
| Provision for Taxation | | – | 2,431,939 |
| <i>Current Tax (Including provision made for earlier years)</i> | | – | 125,000 |
| <i>Fringe Benefit Tax (Net of Excess Provision written back for earlier year)</i> | | 150,000 | (2,107,427) |
| <i>Deferred Tax</i> | | (6,964,009) | |
| Profit/(Loss) after Provision for Taxation | | (20,739,015) | (86,429,581) |
| Add / Less:- Profit & Loss Account Balance brought down from previous year | | 188,317,233 | 271,792,770 |
| Amount Available for Appropriation | | <u>167,578,218</u> | <u>185,363,189</u> |
| APPROPRIATIONS | | | |
| Dividend and Tax thereon written back | | – | (2,954,044) |
| Profit and Loss Account Balance Carried Forward to Balance Sheet | | 167,578,218 | 188,317,233 |
| | | <u>167,578,218</u> | <u>185,363,189</u> |
| Earning Per Share (Basic and Diluted) | | (4.50) | (18.75) |

Note 6 of Schedule 9

Notes to Accounts

9

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

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

Place : Mumbai
Date : July 04, 2009



**Tulip
Star
Hotels
Ltd.**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

| | Rs. | Rs. | As At 31.3.2008 Rs. |
|--|--------------------|-----|---------------------------|
| SCHEDULE "1" | | | |
| SHARE CAPITAL | | | |
| Authorised 100,00,000 Equity Shares of Rs. 10/- each | <u>100,000,000</u> | | <u>100,000,000</u> |
| Issued, Subscribed and Paid-up 46,10,000 (P. Y. 46,10,000) Equity Shares of Rs. 10/- each fully paid-up | <u>46,100,000</u> | | <u>46,100,000</u> |
| | <u>46,100,000</u> | | <u>46,100,000</u> |
| SCHEDULE "2" | | | |
| RESERVES & SURPLUS | | | |
| Share Premium Balance as per Last Balance Sheet | 111,000,000 | | 111,000,000 |
| General Reserve Balance as per last Balance Sheet | 15,982,181 | | 15,474,207 |
| Add :- Addition on account of transitional Provision as per Accounting Standard 15 | - | | <u>507,974</u> |
| | 15,982,181 | | 15,982,181 |
| Profit & Loss Account Balance | 167,578,218 | | 188,317,233 |
| Total | <u>294,560,399</u> | | <u>315,299,414</u> |
| SCHEDULE "3" | | | |
| UNSECURED LOANS | | | |
| From Corporate Bodies | <u>173,910,000</u> | | <u>143,110,000</u> |
| | <u>173,910,000</u> | | <u>143,110,000</u> |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**



As At
31.3.2008
Rs.

**Tulip
Star
Hotels
Ltd.**

SCHEDULE "4"

DEFERRED TAX ASSETS

Deferred Tax Assets are attributable to the following items

| | Rs. | |
|---|-----------|---------|
| Provision for Gratuity | 201,695 | 177,900 |
| Expenses allowable for tax purpose on payment | 6,884,742 | - |
| Provision for Leave Encashment | 427,798 | 372,326 |
| | 7,514,235 | 550,226 |
| | 7,514,235 | 550,226 |

SCHEDULE "5"

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 | 219,982,000 | 219,982,000 |
|--|-------------|-------------|

| | | |
|---|---------|---------|
| B. 5,000 Redeemable Preference Shares (P. Y. 5,000) of Rs. 100/- each fully paid up | 500,000 | 500,000 |
|---|---------|---------|

| | | |
|---|--------|--------|
| The Saraswat Co-operative Bank Ltd. 2500 (P. Y. 2500) equity shares of Rs. 10/- each fully paid up | 25,000 | 25,000 |
|---|--------|--------|

| | | |
|---|---------|---------|
| The Greater Bombay Co-operative Bank Ltd. 4000 (P. Y. 4000) equity shares of Rs. 25/- each fully paid up | 100,000 | 100,000 |
|---|---------|---------|

| | | |
|--|-------------|-------------|
| | 220,607,000 | 220,607,000 |
| | 220,607,000 | 220,607,000 |



**Tulip
Star
Hotels
Ltd.**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

| | Rs. | Rs. | As At 31.3.2008 Rs. |
|---|-------------|-------------|---------------------------|
| SCHEDULE "6" | | | |
| 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 |
| Other Debts | - | | - |
| | <hr/> | | <hr/> |
| | | - | 2,516,592 |
| Less Provision for Doubtful Debts | | - | 2,516,592 |
| | | <hr/> | <hr/> |
| | | - | - |
| | | | |
| Cash and Bank Balances | | | |
| Cash and cheques on hand | - | | - |
| With Scheduled Banks:- | | | |
| (a) Current Account | 132,798 | | 7,759,072 |
| (b) Dividend Account | 106,300 | | 146,580 |
| | <hr/> | | <hr/> |
| | | 239,098 | 7,905,652 |
| | | <hr/> | <hr/> |
| | | 239,098 | 7,905,652 |
| | | | |
| Loans and Advances : | | | |
| (Unsecured and considered good) | | | |
| Advances recoverable in cash or in kind or for value to be received | 13,112,441 | | 3,660,683 |
| Less:- Provision for Doubtful Advance | 1,500,000 | | 1,500,000 |
| | <hr/> | | <hr/> |
| | 11,612,441 | | 2,160,683 |
| | | | |
| Due From Bodies Corporate | 370,000,000 | | 359,660,000 |
| Including interest accrued Rs. Nil Lacs (P.Y. Rs. Nil Lacs) | | | |
| | | | |
| Sundry Deposits | 11,604,316 | | 11,604,316 |
| | | 393,216,757 | 373,424,999 |
| | | <hr/> | <hr/> |
| | | 393,455,855 | 381,330,651 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| | | | |
| SCHEDULE "7" | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Current Liabilities: | | | |
| Sundry Creditors | 18,731,195 | | 12,895,073 |
| Unclaimed Dividend | 106,300 | | 146,727 |
| | <hr/> | | <hr/> |
| | | 18,837,495 | 13,041,800 |
| | | | |
| Provisions: | | | |
| Provision for Taxation (Net of Taxes Paid) | 88,169,196 | | 84,582,198 |
| Proposed Dividend | - | | - |
| Tax on Dividend | - | | 354,465 |
| | <hr/> | | <hr/> |
| | | 88,169,196 | 84,936,663 |
| | | <hr/> | <hr/> |
| | | 107,006,691 | 97,978,463 |
| | | <hr/> <hr/> | <hr/> <hr/> |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**



**Tulip
Star
Hotels
Ltd.**

SCHEDULE "8"

OPERATING AND ADMINISTRATIVE EXPENSES

| | Rs. | Rs. | Previous Year Rs. |
|---|--------|------------------|-------------------------|
| Salaries, bonus, etc. | | 2,778,368 | 2,831,589 |
| Contribution to Provident & Other Funds | | 302,359 | 332,604 |
| Gratuity | | 154,026 | 52,882 |
| Staff Welfare | | 33,940 | 41,800 |
| Printing and Stationery | | 65,537 | 53,813 |
| Travelling and Conveyance | | 203,506 | 792,453 |
| Communication Expenses | | 158,219 | 259,272 |
| Auditors' Remuneration | | | |
| Audit fees | 63,422 | | 64,607 |
| Tax audit fees | 22,472 | | 22,472 |
| Other Matters | 61,489 | | 44,944 |
| | | 147,383 | 132,023 |
| Professional Fees | | 752,084 | 3,055,939 |
| Insurance | | - | 6,702 |
| Directors Sitting Fees | | 30,000 | 25,000 |
| Sundry Advances Written Off | | - | 775,050 |
| Bad Debts | | 2,516,592 | - |
| Loss due to Assets Discarded | | - | 77,658 |
| Sundry Expenses | | 2,514,785 | 1,882,061 |
| | | <u>9,656,799</u> | <u>10,318,846</u> |



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE "9"

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 concept in accordance with applicable accounting standards.

(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.

(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.

An asset is treated as impaired when the carrying amount exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(f) **Investments**

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

(g) **Inventories**

Stock-in-trade is valued at cost or market value whichever is lower.

(h) **Foreign Currency Transaction**

Transactions in foreign currency are accounted at the rates of exchange prevailing on the date of transactions.

Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the year-end.

Exchange differences related to liabilities against fixed assets are adjusted towards cost of the relevant assets.

Exchange differences related to restatement of other foreign exchange assets / liabilities as at the date of the balance sheet date are transferred to the Profit and Loss Account.

(i) **Employee Benefits**

Provident Fund

Company's contributions paid / payable during the year to Provident Fund are recognized in the Profit and Loss Account.

Gratuity

The Company accounts for the net present value of its obligations for gratuity benefit based on independent external actuarial valuation determined on the basis of the projected unit credit method carried out annually. Actuarial gains or losses are immediately recognised in the Profit & Loss Account

Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.

(j) **Assets taken on Lease**

In respect of lease transactions entered into by the Company, all of which are finance leases entered into prior to April 01, 2001, lease rents paid are charged to Profit & Loss Account in accordance with the terms of lease agreement, as permitted by Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India (ICAI).

(k) **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 are accounted on the basis of prices charged to external customers.

b) Revenue and expenses are 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, is included under "Unallocated Expenditure."

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**



**Tulip
Star
Hotels
Ltd.**

- (l) **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.
- (m) **Share Issue Expenses**
The expenses will be charged to Profit & Loss in a year in which the shares are issued.
- (n) **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 asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- (o) **Provisions, 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 Company, as a confirming party to a Master Assets Purchase Agreement (MAPA) entered in to between V Hotels 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
3. The Company holds Long Term investment of Rs. 21,99,82,000 in the equity shares of V Hotels Ltd. whose hotel Tulip Star, Mumbai has temporarily suspended 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. 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. has not suffered permanent diminution and hence no provision has been made towards this during the current year.
4. **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. 48.90 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.6.16 lacs up to March 31, 2009 (Previous Year Rs.19.80 lacs).
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., the erstwhile wholly owned subsidiary of the Company.
c) Penalty notice u/s 221(1) of the Income Tax Act 1961 for Rs. 40.34 Lacs for the non payment of Income Tax dues.
5. **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. Mahendra Lodha
Mr. Arvind S. Herwadkar
Mr. Pesi S. Patel
Mr. Shailesh S. Mody



**Tulip
Star
Hotels
Ltd.**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

b) Transactions with Related Parties (Rupees)

| | Associates | Key Management Personnel |
|---|------------------------------------|--------------------------|
| Interest Payment | 2,14,53,009 (47,66,203) | |
| Director's Sitting Fees | | 30,000 (25,000) |
| Inter Corporate Deposits placed during the year | 1,03,40,000 (3,30,00,000) | |
| Inter Corporate Deposits recovered during the year | — (3,28,40,000) | |
| Inter Corporate Deposits outstanding as of March 31, 2009 | 37,00,00,000 (35,96,60,000) | |
| Advances received | 1,73,01,000 (65,20,529) | |
| Advances paid | 1,03,89,038 (56,54,214) | |
| Payments made by Company on behalf of Related Party | 35,60,791 (1,01,49,485) | |
| Payments made by Related Party on behalf of Company | 6,37,112 (89,22,344) | |
| Loans repaid during the year | — (3,30,40,000) | |
| Loans accepted during the year | 3,08,00,000 (11,65,00,000) | |
| Loans outstanding as on March 31, 2009 | 17,39,10,000 (14,31,10,000) | |
| Guarantees outstanding as of March 31, 2009 | 1,33,51,40,000 (1,33,51,40,000) | |

c) Disclosure required by clause 32 of the Listing Agreement

Amount of loans/advances in nature of loans outstanding from Subsidiaries and Associate Company during financial year 2008-09

| Name of the Company | O/s as of March 31, 2009 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.) | 37,00,00,000 | 37,00,00,000 | 22,04,82,000 | — |

6. 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)
7. The Company has not received any intimation from "Suppliers" regarding their status under Micro, Small & 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.
 8. Previous year's figures have been regrouped / reclassified wherever necessary.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

9. Balance confirmations have not been obtained in respect of year end balances of Sundry Creditors, Loans and Advances due to / by the Company (excluding group and associate companies) and some of the Bank Accounts.
10. The Company has received copies of letters issued by the Dy. Commissioner of Income Tax, Circle – 16(1), New Delhi to some of the Company's bank under section 226(3) of the Income Tax Act, 1961 directing these banks to remit moneys in the Company's accounts to the Income Tax Department towards settlement of the Company's tax dues.

11. 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. 6,52,734 |
| 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. 6,52,734 |
| 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. 5,75,726 |
| Expenses | Rs.77,008 |
| Contribution | NA |
| Closing liability | Rs.6,52,734 |
| Expenses recognized in profit & loss account | |
| Current service cost | Rs. 38,972 |
| Interest cost | Rs.49,176 |
| Expected return on plan assets | NA |
| Expected return on reimbursement rights | NA |
| Actuarial gains / (losses) | Rs.11,140 |
| Net Expenses including payments to and provision for employees | Rs.77,008 |
| 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 |



**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

**Tulip
Star
Hotels
Ltd.**

| | |
|--|------------|
| 12. Balance Sheet Abstract and Company's General Business Profile | |
| I. Registration Details : | |
| Registration No. | 29184 |
| State Code | 055 |
| Balance Sheet Date | 31.03.2009 |
| 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 | 5,14,570 |
| Total Assets | 5,14,570 |
| Sources of Funds : | |
| Paid - up Capital | 46,100 |
| Reserves & Surplus | 2,94,560 |
| Unsecured Loans | 1,73,910 |
| Application of Funds : | |
| Deferred Tax Assets | 7,514 |
| Investments | 220,607 |
| Net Current Assets | 286,449 |
| Accumulated Losses | Nil |
| IV. Performance of Company : (Amount in Rs. Thousands) | |
| Turnover (Including Other Income) | 1,209 |
| Total Expenditure | 28,762 |
| Loss Before Tax | 27,553 |
| Loss After Tax | 20,739 |
| Earning Per Share in Rs. | (4.50) |
| 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 attached

Ray & Ray
Chartered Accountants

A. B. M. Good
Chairman
Place : Mumbai
Date : July 04, 2009

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner

CASH FLOW STATEMENT



| | 31.03.2009 (Rs. in lacs) | 31.03.2008 (Rs. in lacs) |
|---|-----------------------------|-----------------------------|
| A. CASH FLOW FROM OPERATIONAL ACTIVITIES | | |
| Net(Loss)/ Profit before Tax | (275.53) | (859.80) |
| Adjustments for | | |
| Depreciation | – | 0.15 |
| Interest paid | – | 797.66 |
| Provision for Doubtful Advances | – | – |
| Loss Due to Assets Discarded | – | 0.77 |
| Excess Provision for Finance Cost written back | – | – |
| Share Issue Expenses | – | – |
| Operating (Loss)/Profit before working capital changes | (275.53) | (61.22) |
| Adjustments for | | |
| Trade and other receivables | (197.92) | 1.44 |
| Inventories | – | – |
| Trade Payables | 58.37 | (17.92) |
| Cash used in Operations | (415.08) | (77.70) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Fixed Assets | – | – |
| Investments | – | – |
| Share Application Money | – | – |
| Sales Proceeds of Fixed Assets | – | 0.25 |
| Share Issue Expenses | – | – |
| Income Tax paid | 34.37 | 100.36 |
| Net Cash Inflow / (Outflow) from Investing Activities | 34.37 | 100.61 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash Received from issue of Fresh Capital | | |
| Allotment Money Received | – | – |
| Secured Loans | – | – |
| Unsecured Loans | 308.00 | 834.60 |
| Interest Paid | – | (797.66) |
| Dividend paid inclusive of tax on dividend | (3.94) | (20.62) |
| Net Cash Flow (used in) / from Financing Activities | 304.06 | 16.32 |
| Net (decrease)/increase in Cash and Cash Equivalents | (76.65) | 39.23 |
| Cash and Cash Equivalents at the beginning of the year | 79.05 | 39.82 |
| Cash and Cash Equivalents at the end of the year | 2.40 | 79.05 |

For and on behalf of the Board

As per our Report attached

A. B. M. Good
Chairman

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Ray & Ray
Chartered Accountants
Anil V. Karnik
Partner

Place : Mumbai
Date : July 04, 2009

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TWENTY SECOND ANNUAL REPORT 2008-2009

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Tulip Star Hotels Limited
Secretarial & Finance Dept : Chander Mukhi, Nariman Point, Mumbai - 400 021.