

23rd Annual Report
2009-2010



TULIP STAR HOTELS LTD.

BOARD OF DIRECTORS

As on August 02, 2010

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 resilience of the Indian Economy has been amply demonstrated by the impressive growth of 7.4% year over year during FY 2009-10, against growth of 6.7% in 2008-09. Also, our economic fundamentals remain robust. Additionally, with the current forecast of normal monsoon this year, there is every reason to be optimistic about the accelerated growth of our economy. Due to the worldwide financial crisis resulting in a major contraction in global demand, the Indian economy faced quite a few uncertainties. However, a number of timely measures were taken by the Government and Reserve Bank of India to arrest the slowdown and encourage the earlier than expected recovery which started worldwide.

India is dynamic, fascinating, diverse and a vibrant market and I am delighted to be here. We are all witnessing interesting times. India is now entering into a phase of attractive multi-sectoral growth. Unlike to Europe and the US, India is expected to achieve sustainable growth in the ensuing years. The continuous thrust of the government on improved infrastructure and education augurs well for the future of India. India has the youngest working population and is developing the resources that can support their ambitions.

I thank the Shareholders for their unflinching support thru challenging times.

Place : Mumbai
Date : August 02, 2010

A. B. M. Good
Chairman



Tulip
Star
Hotels
Ltd.

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Tulip Star Hotels Limited will be held at The Deputy Speaker Hall, Constitution Club, Vithall Bhai Patel House, Rafi Marg, New Delhi – 110 001 on Thursday, September 16, 2010 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, 2010 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. Shailesh S. Mody who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Mahendra Lodha who retires by rotation and being eligible offers himself for reappointment.
4. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :
“RESOLVED THAT M/s. Ray & Ray, Chartered Accountants (Registration No. 301072E) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration payable and the reimbursement of out of pocket expenses, if any, to the said Auditors.”

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 Friday, September 10, 2010 to Thursday, September 16, 2010 (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. Shailesh S. Mody:

Mr. Shailesh S. Mody is an entrepreneur for over two decades and has business interest in business related to interior designing and construction. Mr. Shailesh S. Mody does not hold any share in the Company. Mr. Mody is Director of V Hotels Ltd.

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 a Chairman of the audit committee of the Company. Mr. Lodha is on the Board of the following public companies and their Board Committees :

Sl. No.	Name of the Company	Position held	Committee membership/Chairmanship
1.	Steelco Gujarat Ltd.	Director	Audit Committee/Remuneration Committee/Shareholders Committee- Member
2.	Nitrex Chemicals India Limited	Director	–
3.	Rama Petrochemicals Ltd.	Director	Audit Committee/Remuneration Committee/Shareholders Committee – Chairman
4.	Arvind Products Ltd.	Director	–
5.	Shivalik Golf and Forest Resort Ltd.	Director	–
6.	Metrochem Industries Limited	Director	–
7.	Rainbow Denim Ltd.	Director	Audit Committee/Remuneration Committee – Member, Chairman
8.	Bihar Hotels Ltd.	Director	–
9.	Kalyanpur Cements Limited	Director	Audit Committee – Member,

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 02, 2010

Arvind S. Herwadkar
Director



DIRECTORS' REPORT

Tulip
Star
Hotels
Ltd.

To the Shareholders,

Your Directors present herewith the Twenty Third Annual Report and the audited accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS

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

	(Rs. in lacs)	
	2009-2010	2008-2009
Total Income	0.07	12.09
Loss before Finance Cost & Provision for Taxes	69.36	61.00
Add : Finance Cost	263.01	214.53
Less : Provision for Income Tax	(16.04)	(68.14)
Loss for the year	316.33	207.39
Profit and Loss Account Balance	1675.79	1883.18
Balance available for Appropriation	1359.46	1675.79

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.

FINANCE

The total borrowings stood at Rs. 21.30 crores as at March 31, 2010 as against Rs. 17.39 crores as on March 31, 2009. 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 moved up 3 places on the list of the world's attractive destination as per the Travel and Tourism Competitiveness Report 2009. This progress is achieved, despite the economic slowdown all over the globe, as the number of timely measures was taken by the Government and Reserve Bank of India to arrest the slowdown.

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. 316.33 lacs as against loss of Rs. 207.39 lacs for the previous year.

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

Pursuant to Section 256 of the Companies Act, 1956, Mr. Shailesh S. Mody and Mr. Mahendra Lodha retire at the 23rd 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 Second Annual General Meeting as the Statutory Auditors for the year 2009-2010 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 :-

Regarding Non Provisioning of the interest aggregating to Rs. 2,78,91,670

Your Directors are hopeful of getting waiver of the aforesaid amount upon filing of the Petition before the Central Board of Direct Taxes.

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:

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 V Hotels Ltd. 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.



Tulip
Star
Hotels
Ltd.

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 : May 31, 2010

A. B. M. Good

Chairman

REPORT ON CORPORATE GOVERNANCE

Introduction :

Your Company has complied during the financial year 2009-10 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 4 are independent directors.

The Board of the Company met 7 times during the last financial year on April 29, 2009, May 19, 2009, July 04, 2009, August 11, 2009, September 25, 2009, October 31, 2009, and January 29, 2010.

Attendance of each Director at the Board Meetings in 2009-10 and last Annual General Meeting and number of Companies and Committees where he is Director / Member (as on March 31, 2010) :-

Name of the Director	Category of Directorship	Attendance at last AGM held on September 25, 2009	No. of Board Meetings attended	Number of	
				Other Directorships*	Other Committee Memberships
Mr. A. B. M. Good	Non-Executive Chairman	Present	6	17	3
Dr. A. B. Kerkar	Managing Director	Absent	5	9	–
Mr. Mahendra Lodha	Independent & NED	Absent	–	18	9
Mr. Arvind S. Herwadkar	Independent & NED	Present	7	1	–
Mr. Pesi S. Patel	Independent & NED	Absent	2	13	3
Mr. Shailesh S. Mody	Independent & NED	Present	5	4	–

* 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, 2010. 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 2009-2010, 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	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 2009-10. 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, 2010 are as follows:-

Name of the Director	Rs.
Mr. A. B. M. Good	6,000
Dr. A. B. Kerkar	5,000
Mr. Mahendra Lodha	Nil
Mr. Arvind S. Herwadkar	7,000
Mr. Pesi S. Patel	2,000
Mr. Shailesh S. Mody	5,000
Total	25,000

6. Investor Grievance Committee

The Company's Registrar, Intime Spectrum Registry Ltd. and the Company had received 13 letters during the financial year 2009-10, 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
20th AGM	September 28, 2007	Hotel Broadway, Asaf Ali Road, New Delhi – 110 002	1
21th AGM	November 28, 2008	The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001	1
22nd AGM	September 25, 2009	The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001	Nil

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 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, 2010.

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.

10. General Shareholder Information

AGM Date, Time and Venue	Thursday, September 16, 2010 at 15.30 hrs at The Deputy Speaker Hall Constitution Club, Vithalbhai Patel House, Rafi Marg, New Delhi - 110 001.
Financial Year	April 01, 2010 to March 31, 2011
Tentative :-	
First Quarter Results/Limited Review Report	On or before 14th August 2010
Half Yearly Results/Limited Review Report	On or before 14th November 2010
Third Quarter Results/Limited Review Report	On or before 14th February 2011
Audited Results for the year ended March 31, 2011	On or before 30th May 2011
Dates of Book Closure	Friday, September 10, 2010 to Thursday, September 16, 2010 (both days inclusive)
Listing on Stock Exchanges	The Stock Exchange, Mumbai. The listing fees have been paid for the financial year 2010-11. 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 2010-11 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.



Market Price Data

High / low during the year / month in the financial year 2009-2010

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

Months	High (Rs.)	Low (Rs.)
April 2009	57.30	47.30
May 2009	75.20	49.75
June 2009	85.55	59.00
July 2009	68.90	54.00
August 2009	72.80	62.35
September 2009	93.60	62.00
October 2009	89.20	66.70
November 2009	156.45	65.05
December 2009	157.90	114.80
January 2010	124.90	102.65
February 2010	118.00	90.55
March 2010	128.10	96.10

Distribution of Shareholding as on March 31, 2010

Shareholding of nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 – 5000	1,563	88.51	1,76,085	3.82
5001 – 10000	88	4.98	68,865	1.49
10001 – 20000	37	2.10	59,387	1.29
20001 – 30000	20	1.13	50,991	1.11
30001 – 40000	11	0.62	40,523	0.88
40001 – 50000	6	0.34	28,291	0.61
50001 – 100000	12	0.68	90,760	1.97
100001 & above	28	1.64	40,95,098	88.83
Total	1,765	100.00	46,10,000	100.00

Distribution Schedule as of March 31, 2010

Particulars	No. of equity shares			% of shareholding
	Demat	Physical	Total	
Promoters & Persons Acting in Concert	12,24,000	14,02,500	26,26,500	56.97
Bodies Corporate	8,50,792	2,800	8,53,592	18.52
NRI's / OCB's	29,156	–	29,156	0.63
Public	10,01,249	99,503	11,00,752	23.88
Total	31,05,197	15,04,803	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 from time to time 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 – 400 021.

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. Ravindra G. Mohite
Accounts Manager
Tulip Star Hotels Ltd.
Chander Mukhi,
Nariman Point,
Mumbai – 400 021.



**Tulip
Star
Hotels
Ltd.**

13. Non-Mandatory Requirements :

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

On behalf of the Board

Place : Mumbai
Date : May 31, 2010

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, 2010.

Place : Mumbai
Date : May 31, 2010

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, 2010, 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
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010

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, 2010 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, 2010 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, 2010 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 **subject to Note No. 4 of Schedule 9 regarding non provision of interest on income tax dues amounting to Rs. 2,78,91,670 because of which Provision for Income Tax is understated and the balance of Profit and Loss Account Loss is overstated by the said amount** 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, 2010;
 - 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
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

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.	Year-End Balance Rs.
1	ABK Enterprises P. Ltd	Common Directors	Nil	1,10,000
2	Cox And Kings (I) Ltd	Common Directors	3,91,00,000	20,29,00,000
3	Ezeego One Travels and Tours 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 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.	Year-End Balance Rs.
1	V Hotels Ltd. (formerly known as Tulip Hospitality Services Ltd.)	Common Directors	–	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 31.3.2010 for a period exceeding six months from the date they became payable.

Income Tax Payable for AY 2007-08	Rs. 456.00 Lacs
Tax Deducted at Source	Rs. 29.34 Lacs
Fringe Benefit Tax	Rs. 2.75 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 on completion of regular assessments for assessment year 2007-08	149.70	Commissioner of Income Tax (Appeals), New Delhi

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
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010



**Tulip
Star
Hotels
Ltd.**

BALANCE SHEET AS AT MARCH 31, 2010

		SCHEDULE		As At 31.3.2009
		Rs.	Rs.	Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	46,100,000		46,100,000
Reserves & Surplus	2	262,927,675		294,560,399
Loan Funds				
Unsecured Loans	3	213,010,000		173,910,000
		<u>522,037,675</u>		<u>514,570,399</u>
APPLICATION OF FUNDS				
Deferred Tax Assets	4	9,118,695		7,514,235
Investment	5	220,607,000		220,607,000
Current Assets, Loans & Advances	6	390,799,998		393,455,855
Less : Current Liabilities & Provisions	7	<u>98,488,018</u>		<u>107,006,691</u>
		292,311,980		286,449,164
		<u>522,037,675</u>		<u>514,570,399</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

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner
Membership No. 31005
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Previous
Year
Rs.



	SCHEDULE	Rs.	Rs.	Previous Year Rs.
INCOME				
Interest (Gross) T.D.S Rs. NIL (P.Y. Rs. 3,925/-)			604	1,189,662
Dividend Income			5,000	20,000
Other Income			1,931	147
			<u>7,535</u>	<u>1,209,809</u>
EXPENDITURE				
Operating & Administrative Expenses	8		7,068,834	9,656,799
			<u>7,068,834</u>	<u>9,656,799</u>
Profit/(Loss) before Finance Cost, Depreciation and Provision for Taxation			(7,061,299)	(8,446,990)
Finance Cost			26,301,046	21,453,009
Profit/(Loss) before Depreciation, Extra Ordinary Items and Provision for Taxation			(33,362,345)	(29,899,999)
Depreciation			—	—
Profit/(Loss) before Extra Ordinary Items and Provision for Taxation			(33,362,345)	(29,899,999)
Prior Period Adjustment			84,636	169,617
Excess Provision Written Back			209,797	2,516,592
Profit / (Loss) before Provision for Taxation			(33,237,184)	(27,553,024)
Provision for Taxation			—	—
<i>Current Tax (Including provision made for earlier years)</i>			—	—
<i>Fringe Benefit Tax (Net of Excess Provision written back for earlier year)</i>			—	150,000
<i>Deferred Tax</i>			(1,604,460)	(6,964,009)
Profit/(Loss) after Provision for Taxation			(31,632,724)	(20,739,015)
Add / Less:- Profit & Loss Account Balance brought down from previous year			167,578,218	188,317,233
Amount Available for Appropriation			<u>135,945,494</u>	<u>167,578,218</u>
APPROPRIATIONS				
Profit and Loss Account Balance Carried Forward to Balance Sheet			135,945,494	167,578,218
			<u>135,945,494</u>	<u>167,578,218</u>
Earning Per Share (Basic and Diluted)			(6.86)	(4.50)

Note 7 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
Membership No. 31005
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010



**Tulip
Star
Hotels
Ltd.**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

	Rs.	Rs.	As At 31.3.2009 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	15,982,181
Profit & Loss Account Balance		135,945,494	167,578,218
Total		<u>262,927,675</u>	<u>294,560,399</u>
SCHEDULE "3"			
UNSECURED LOANS			
From Corporate Bodies		<u>213,010,000</u>	<u>173,910,000</u>
		<u>213,010,000</u>	<u>173,910,000</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**



**Tulip
Star
Hotels
Ltd.**

As At
31.3.2009
Rs.

SCHEDULE "4"

DEFERRED TAX ASSETS

Deferred Tax Assets are attributable to the following items

	Rs.	
Provision for Gratuity	225,894	201,695
Expenses allowable for tax purpose on payment	8,458,669	6,884,742
Provision for Leave Encashment	434,132	427,798
	9,118,695	7,514,235
	9,118,695	7,514,235

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. 50,000 Redeemable Preference Shares (P. Y. 50,000) 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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**



**Tulip
Star
Hotels
Ltd.**

SCHEDULE "8"

OPERATING AND ADMINISTRATIVE EXPENSES

	Rs.	Rs.	Previous Year Rs.
Salaries, bonus, etc.		2,678,916	2,778,368
Contribution to Provident & Other Funds		288,398	302,359
Gratuity		47,163	154,026
Staff Welfare		202,235	33,940
Printing and Stationery		59,486	65,537
Travelling and Conveyance		312,969	203,506
Communication Expenses		110,928	158,219
Auditors' Remuneration			
Audit fees	63,422		63,422
Tax audit fees	-		22,472
Other Matters	77,210		61,489
		140,632	147,383
Professional Fees		1,038,630	752,084
Directors Sitting Fees		25,000	30,000
Sundry Advances Written Off		90,000	-
Bad Debts		-	2,516,592
Sundry Expenses		2,074,477	2,514,785
		<u>7,068,834</u>	<u>9,656,799</u>



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

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, 2010**



**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. Due to financial difficulties Company could not make payment of advance tax arising out of sale of investments in Cox and Kings India Limited during the financial year 2006-07. During the financial year 2009-10 the Company has applied for installments for the payment of the said advance tax and is making payments, as per the said installments. Steps are being taken to file the Petition for waiver of the interest of Rs.270.84 Lacs Under Section 234B and Rs. 8.06 Lacs Under Section 234C, of the Income Tax Act, 1961, before the Central Board of Direct Taxes and the management is hopeful of waiver of the same. In view of this no provision has been made in the books of accounts for the said interest.
5. **CONTINGENT LIABILITIES :**
a) No provision is considered in respect of income tax and interest tax demands aggregating to Rs. 198.60 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, 2010 (Previous Year Rs. 6.16 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.**
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.
Ezeego One Travels and Tours 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, 2010**

b) Transactions with Related Parties (Rupees)

	Associates	Key Management Personnel
Interest Payment	2,63,01,046 (2,14,53,009)	
Director's Sitting Fees		25,000 (30,000)
Inter Corporate Deposits placed during the year	– (1,03,40,000)	
Inter Corporate Deposits outstanding as of March 31, 2010	37,00,00,000 (37,00,00,000)	
Advances received	4,95,43,752 (1,73,01,000)	
Advances paid	51,418 (1,03,89,038)	
Payments made by Company on behalf of Related Party	2,81,225 (35,60,791)	
Payments made by Related Party on behalf of Company	13,90,480 (6,37,112)	
Loans accepted during the year	3,91,00,000 (3,08,00,000)	
Loans outstanding as on March 31, 2010	21,30,10,000 (17,39,10,000)	
Guarantees outstanding as of March 31, 2010	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 2009-10

Name of the Company	O/s as of March 31, 2010 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	–

7. 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)
8. 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.
 9. 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, 2010**



10. 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.
11. 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.

12. 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. 6,99,897
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. 31,153
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. 6,52,734
Expenses	Rs. 47,163
Contribution	NA
Closing liability	Rs. 6,99,897
Expenses recognized in profit & loss account	
Current service cost	Rs.41,980
Interest cost	Rs. 53,840
Expected return on plan assets	NA
Expected return on reimbursement rights	NA
Actuarial gains / (losses)	Rs. 48,657
Net Expenses including payments to and provision for employees	Rs. 47,163
Actuarial Assumptions	
Discount rates	7.75% 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, 2010**

**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	31.03.2010
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	5,22,037
Total Assets	5,22,037
Sources of Funds :	
Paid - up Capital	46,100
Reserves & Surplus	2,62,927
Unsecured Loans	2,13,010
Application of Funds :	
Deferred Tax Assets	9,118
Investments	220,607
Net Current Assets	292,312
Accumulated Losses	Nil
IV. Performance of Company : (Amount in Rs. Thousands)	
Turnover (Including Other Income)	7
Total Expenditure	33,244
Loss Before Tax	33,237
Loss After Tax	31,633
Earning Per Share in Rs.	(6.86)
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

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner
Membership No. 31005
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010

CASH FLOW STATEMENT



	31.03.2010 (Rs. in lacs)	31.03.2009 (Rs. in lacs)
A. CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net(Loss)/ Profit before Tax	(332.37)	(275.53)
Adjustments for		
Depreciation	-	-
Interest paid	-	-
Provision for Doubtful Advances	-	-
Loss Due to Assets Discarded	-	-
Excess Provision for Finance Cost written back	-	-
Share Issue Expenses	-	-
Operating (Loss)/Profit before working capital changes	(332.37)	(275.53)
Adjustments for		
Trade and other receivables	27.62	(197.92)
Inventories	-	-
Trade Payables	264.84	58.37
Cash used in Operations	(39.91)	(415.08)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	-	-
Investments	-	-
Share Application Money	-	-
Sales Proceeds of Fixed Assets	-	-
Share Issue Expenses	-	-
Income Tax paid	(350.00)	34.37
Net Cash Inflow / (Outflow) from Investing Activities	(350.00)	34.37
C. CASH FLOW FROM FINANCING ACTIVITIES		
Cash Received from issue of Fresh Capital		
Allotment Money Received	-	-
Secured Loans	-	-
Unsecured Loans	391.00	308.00
Interest Paid	-	-
Dividend paid inclusive of tax on dividend	(0.03)	(3.94)
Net Cash Flow (used in) / from Financing Activities	390.97	304.06
Net (decrease)/increase in Cash and Cash Equivalents	1.06	(76.65)
Cash and Cash Equivalents at the beginning of the year	2.40	79.05
Cash and Cash Equivalents at the end of the year	3.46	2.40

For and on behalf of the Board

As per our Report of attached

Ray & Ray
Chartered Accountants

A. B. M. Good
Chairman

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Anil V. Karnik
Partner
Membership No. 31005
Firm Reg. No. 301072E

Place : Mumbai
Date : May 31, 2010

Book-Post

TWENTY THIRD ANNUAL REPORT 2009-2010

If undelivered, please return to :

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