

25th Annual Report
2011-2012



TULIP STAR HOTELS LTD.



BOARD OF DIRECTORS

As on August 11, 2012

A. B. M. GOOD

Chairman

DR. AJIT B. KERKAR

Managing Director

MAHENDRA LODHA

ARVIND S. HERWADKAR

MAHALINGAM NARAYANAN

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.



Tulip
Star
Hotels
Ltd.

NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty Fifth 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 Thursday, September 27, 2012 at 3.30 p.m to transact the following business.:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Pesi S. Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Shailesh S. Mody 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 as 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.”

For and on behalf of the Board

Place : Mumbai
Date : August 11, 2012

Arvind S. Herwadkar
Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. 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 Monday, September 10, 2012 to Saturday, September 15, 2012 (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 at least 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 / appointed :-

Mr. Pesi S. Patel:

Mr. Pesi S. Patel has been 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 :

Name of the Company	Position held	Committee membership
Cox & Kings Ltd	Director	Remuneration / Compensation Committee, Share Transfer & Share Holder / Investors Grievance Committee, Audit Committee

Mr. Shailesh S. Mody:

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

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, 2012

Arvind S. Herwadkar

Director





**Tulip
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DIRECTORS' REPORT

To the Shareholders,

Your Directors present herewith the Twenty Fifth Annual Report and the audited accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

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

Loss before Finance Cost & Provision for Taxes
Add : Finance Cost
Less : Provision for Income Tax (Deferred Tax)
Loss for the year
Profit and Loss Account Balance
Balance available for Appropriation

(₹ in lacs)	
2011-2012	2010-2011
116.17	104.90
244.91	304.76
0.35	83.33
<u>361.43</u>	<u>492.99</u>
866.47	1359.46
<u>505.04</u>	<u>866.47</u>

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 ₹ 35.66 crores as at March 31, 2012 as against ₹ 33.40 crores as on March 31, 2011. The increase in debt was on account of fresh borrowings, 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 is on the move. 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 ₹ 361.43 lacs as against loss of ₹ 492.99 lacs for the previous year.

Human Resources

The Company sustains its endeavours on the development of people with full commitment. The Company has taken steps to provide ample opportunities to its employees to upgrade skills and competence.

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. Pesi S. Patel and Mr. Shailesh S. Mody retire at the 25th 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 Fourth Annual General Meeting as the Statutory Auditors for the year 2011-2012 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 ₹ 2,78,91,670/-.

Your Directors are hopeful of getting waiver of the aforesaid amount for which Petition is filed before the Central Board of Direct Taxes.

Clause 5 regarding Loans

Loans Granted :-

Your Company has lent ₹ 37 Cr to V Hotels Ltd., in which your Company holds 50% of equity stake. In view of the present financial position of V Hotels Ltd. it was decided not to charge interest. The financial position of V Hotels Ltd. is expected to strengthen once the legal disputes are resolved.





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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.

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 confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures if any.
- 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 05, 2012

A. B. M. Good

Chairman

REPORT ON CORPORATE GOVERNANCE

Introduction :

Your Company has complied during the financial year 2011-12 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 6 non-executive directors out of which 5 are independent directors.

The Board of the Company met 5 times during the last financial year on May 31, 2011, August 11, 2011, September 30, 2011, November 12, 2011, and February 13, 2012.

Attendance of each Director at the Board Meetings in 2011-12 and last Annual General Meeting and number of Companies and Committees where he is Director / Member (as on March 31, 2012) :-

Name of the Director	Category of Directorship	Attendance at last AGM held on September 30, 2011	No. of Board Meetings attended	Number of	
				Other Directorships*	Other Committee Memberships
Mr. A. B. M. Good	Non-Executive Chairman	Present	5	17	3
Dr. A. B. Kerkar	Managing Director	Absent	4	9	–
Mr. Mahendra Lodha	Independent & NED	Absent	–	21	10
Mr. Arvind S. Herwadkar	Independent & NED	Present	4	1	–
Mr. Pesi S. Patel	Independent & NED	Absent	3	13	3
Mr. Shailesh S. Mody	Independent & NED	Present	4	7	–
Mr. Mahalingam Narayanan	Independent & NED	Present	5	6	5

* 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, 2012. The Annual Report contains a declaration to this effect signed by the Managing Director.



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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 2011-2012, 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. Mahalingam Narayanan	Chairman	4
Mr. Mahendra Lodha	Member	Nil
Mr. A. B. M. Good	Member	4
Mr. Arvind S. Herwadkar	Member	3
Mr. Shailesh S Mody	Member	4

5. Remuneration Committee

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

All Directors, except the Managing Director, were Non-Executive Directors for the financial year 2011-12. 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, 2012 are as follows:-

Name of the Director	₹
Mr. A. B. M. Good	5,000
Dr. A. B. Kerkar	4,000
Mr. Mahendra Lodha	Nil
Mr. Arvind S. Herwadkar	4,000
Mr. Pesi S. Patel	3,000
Mr. Shailesh S. Mody	4,000
Mr. Mahalingam Narayanan	5,000
Total	25,000

6. Investor Grievance Committee

The Company's Registrar, Link Intime India Pvt.Ltd. and the Company had received 12 letters during the financial year 2011-12, 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
22nd AGM	September 25, 2009	The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001	Nil
23rd AGM	September 16, 2010	The Deputy Speaker Hall, Constitution Club, Rafi Marg, New Delhi – 110 001	Nil
24th AGM	September 30, 2011	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. 22 of the Notes to Accounts..
- 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, 2012.

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 and Navshakti in Mumbai.
- Management Discussion & Analysis forms part of this Annual Report.
- The quarterly financial results, shareholding pattern, annual report, etc. are available on the website www.bseindia.com.

10. General Shareholder Information

AGM Date, Time and Venue	Thursday, September 27, 2012 at 15.30 hrs at The Deputy Speaker Hall Constitution Club, Vithalbhai Patel House, Rafi Marg, New Delhi - 110 001. April 01, 2012 to March 31, 2013
Financial Year	April 01, 2012 to March 31, 2013
Tentative :-	
First Quarter Results/Limited Review Report	Second week of August 2012
Half Yearly Results/Limited Review Report	Second week of November 2012
Third Quarter Results/Limited Review Report	Second week of February 2013
Audited Results for the year ended March 31, 2013	May 2013
Dates of Book Closure	Monday, September 10, 2012 to Saturday, September 15, 2012 (both days inclusive)
Listing on Stock Exchanges	The Stock Exchange, Mumbai. The listing fees have been paid for the financial year 2012-13. 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 2012-13 to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
Stock Code – Physical	531088 (BSE)
Demat ISIN	INE379C01016
Company Identification No	L78499DL1987PLC029184
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 2011-2012

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

Months	High (₹)	Low (₹)
April 2011	160.00	110.00
May 2011	145.00	123.00
June 2011	168.75	121.00
July 2011	209.20	122.00
August 2011	249.50	199.50
September 2011	206.85	170.00
October 2011	185.45	154.00
November 2011	176.95	143.50
December 2011	163.80	134.75
January 2012	154.35	130.25
February 2012	159.50	135.10
March 2012	180.00	151.00

Distribution of Shareholding as on March 31, 2012

Shareholding of nominal value of ₹ 10	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 – 5000	1,533	89.39	1,67,510	3.64
5001 – 10000	76	4.43	59,930	1.30
10001 – 20000	32	1.87	49,198	1.07
20001 – 30000	17	0.99	42,892	0.93
30001 – 40000	12	0.70	43,621	0.95
40001 – 50000	5	0.29	22,748	0.49
50001 – 100000	10	0.58	74,705	1.62
100001 & above	30	1.75	41,49,396	90.00
Total	1,715	100.00	46,10,000	100.00

Shareholding pattern as of March 31, 2012

Particulars	No. of equity shares			% of shareholding
	Demat	Physical	Total	
Promoters & Persons Acting in Concert	26,26,500	–	26,26,500	56.97
Bodies Corporate	8,32,839	2,800	8,35,639	18.13
NRI's / OCB's	28,543	–	28,543	0.62
Public	10,32,621	86,697	11,19,318	24.28
Total	45,20,503	89,497	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.

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

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, 2012.

Place : Mumbai

Date : July 05, 2012

A. B. Kerkar
Managing Director



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**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, 2012, 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 : July 05, 2012

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, 2012 and the annexed Statement of 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, 2012 and taken on record by the Board of Directors we report that none of the directors is disqualified as on March 31, 2012 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. 20 of Notes to Accounts regarding non provision of interest on income tax dues amounting to ₹ 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, 2012;
 - b) in the case of Statement of 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 : July 05, 2012



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. The fixed asset of the Company has been physically verified by the management during the year.
3. During the year, the Company has not disposed off any of its fixed assets.
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 ₹	Year-End Balance ₹
1	ABK Enterprises P. Ltd	Common Directors	Nil	1,10,000
2	Cox & Kings Ltd	Common Directors	2,27,00,000	21,81,50,000
3	Tulip Hotels Pvt Ltd	Common Directors	Nil	13,84,00,000

Interest at 12% p.a. is charged by Cox & Kings Ltd, which rate in our opinion 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 that loan from Tulip Hotels 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 loan from Cox & Kings Ltd. is repayable on demand, which in our opinion is prima facie prejudicial to the interest of the Company.

According to the information and explanations given to us, loan from Cox & Kings Ltd. is repayable on demand and others are to be repaid at the end of tenure. Accordingly the question of regularity in repayment of principal does not arise.

Details of loans granted:

No.	Party	Relationship	Amount ₹	Year-End Balance ₹
1	V Hotels 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 31.3.2012 for a period exceeding six months from the date they became payable.

Fringe Benefit Tax ₹ 2.75 Lac
Tax Deducted at Source ₹ 12.41 Lacs

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 ₹ In Lacs	Forum where dispute is pending
Income Tax on completion of regular assessments for assessment year 2007-08	149.70	Hon'ble Income Tax Tribunal, New Delhi
Penalty U/s 221(1) of the Income Tax Act, 1961	40.34	Hon'ble Income Tax Tribunal, 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 (₹)
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 ₹ 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 interest 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 : July 05, 2012





**Tulip
Star
Hotels
Ltd.**

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	₹	₹	As At 31.3.2011 ₹
<u>EQUITY AND LIABILITIES</u>				
SHAREHOLDERS' FUNDS				
Share Capital	3	4,61,00,000		4,61,00,000
Reserves and Surplus	4	17,74,85,821		21,36,28,939
			22,35,85,821	25,97,28,939
NON CURRENT LIABILITIES				
Long-term borrowings	5	13,85,10,000		–
Long-term provisions	6	97,88,305		99,46,497
			14,82,98,305	99,46,497
CURRENT LIABILITIES				
Short-term borrowings	7	21,81,50,000		33,39,60,000
Other current liabilities	8	2,21,18,869		73,44,258
			24,02,68,869	34,13,04,258
TOTAL			61,21,52,995	61,09,79,694
<u>ASSETS</u>				
NON CURRENT ASSETS				
Fixed assets	9	2,86,792		3,86,982
Non-current investments	10	22,06,07,000		22,06,07,000
Deferred tax assets (net)	11	7,50,335		7,85,298
Long- term Loans and Advances	12	39,02,34,942		38,86,74,442
			61,18,79,069	61,04,53,722
CURRENT ASSETS				
Cash and Cash equivalents	13	2,36,461		4,01,168
Other current assets	14	37,465		1,24,804
			2,73,926	5,25,972
TOTAL			61,21,52,995	61,09,79,694
Significant accounting policies	2			
The accompanying notes are an integral part of the financial statements				

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 : July 05, 2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012



Tulip
Star
Hotels
Ltd.

	Note No.	₹	₹	Previous Year ₹
REVENUE				
Other Income	15		20,000	20,974
Total Revenue			20,000	20,974
EXPENSES				
Employee Benefits Expenses	16	37,71,347		38,28,646
Finance Cost		2,44,90,851		3,04,75,771
Depreciation		1,00,190		1,18,265
Other Expenses	17	80,41,063		66,99,209
Total Expenses			3,64,03,451	4,11,21,891
Loss before Exceptional Items and Tax			3,63,83,451	4,11,00,917
Prior Period Adjustment		42,346		—
Excess Provision Written Back		(3,17,642)		(1,35,578)
			(2,75,296)	(1,35,578)
Loss Before Tax			3,61,08,155	4,09,65,339
Tax Expenses				
Current tax		—		—
Deferred tax		34,963		83,33,397
			34,963	83,33,397
Loss for the year			3,61,43,118	4,92,98,736
Earning per equity share:				
Basic & Diluted	23		(7.84)	(10.69)

Significant accounting policies 2
The accompanying notes are an integral part of the financial statements

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 : July 05, 2012



**Tulip
Star
Hotels
Ltd.**

CASH FLOW STATEMENT

	31.03.2012 (₹ in lacs)	31.03.2011 (₹ in lacs)
A. Cash Flow from Operating Activities		
Loss before Tax	3,61,08,155	4,09,65,339
adjustments for		
Depreciation	1,00,190	1,18,265
Provision written back	3,17,642	1,35,578
Finance Cost	2,44,90,851	3,04,75,771
Interest Income	–	974
Dividend on long term investments (non-trade)	20,000	20,000
Operating Profit before working capital changes	1,18,54,756	1,05,27,855
(Increase)/decrease in loans and advances	(14,73,161)	16,55,088
Increase/(decrease) trade and other payables	3,76,34,061	8,55,79,000
	<u>3,61,60,900</u>	<u>8,72,34,088</u>
Cash generated from operations	2,43,06,144	7,67,06,233
Direct taxes paid	–	4,56,90,485
Net cash generated / (used in) from operations	<u>2,43,06,144</u>	<u>3,10,15,748</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	–	5,05,247
Dividend income	20,000	20,000
Interest Income	–	974
Net cash from / (used in) Investing Activities	<u>20,000</u>	<u>(4,84,273)</u>
C. Cash Flow from Financing Activities		
Interest expenses	(2,44,90,851)	(3,04,75,771)
Dividend Paid	–	200
Net cash from / (used in) Financing Activities	(2,44,90,851)	(3,04,75,971)
Net (decrease) / increase in cash and cash equivalents	(1,64,707)	55,504
Cash and cash equivalents at the beginning of the period	4,01,168	3,45,664
Cash and cash equivalents at the end of the period	<u>2,36,461</u>	<u>4,01,168</u>

For and on behalf of the Board

As per our Report of attached

A. B. M. Good
Chairman

A. B. Kerkar
Managing Director

Sanjeev D. Shenvi
Company Secretary

Ray & Ray
Chartered Accountants
Anil V. Karnik
Partner
Membership No. 31005
Firm Reg. No. 301072E

Place : Mumbai
Date : July 05, 2012

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012**



**Tulip
Star
Hotels
Ltd.**

Notes of Accounts

1. Tulip Star Hotels Limited was incorporated on 19th September 1987. Currently the shares of Tulip Star Hotels Limited are listed on Bombay stock Exchange. Tulip Star Hotels Limited is in the business of Owning and Managing hotels.
2. 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. The Company prepares its accounts as per the historical cost convention on going concern concept and on accrual basis except where otherwise stated, in accordance with normally accepted accounting principles, provisions of the Companies Act, 1956 and applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
 - (b) Income
In respect of income, including interest income on loans and advances, the Company accounts for such income on an accrual basis save and except the items of revenue in regard to which there exists significant uncertainty about the ultimate realisation.
 - (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 transferred to the Profit and Loss Account.
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) 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 are charged to Profit & Loss in the year in which the shares are issued.



**Tulip
Star
Hotels
Ltd.**

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

- (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.

3. Share Capital

Particulars	As At 31.03.2012 ₹	As At 31.03.2011 ₹
Authorised		
100,00,000 Equity Shares of ₹10/- each	10,00,00,000	10,00,00,000
Issued, Subscribed and Paid-up		
46,10,000 (P.Y. 46,10,000) Equity Shares of ₹ 10/- each fully paid-up	4,61,00,000	4,61,00,000
Total issued, subscribed and fully paid-up share capital	4,61,00,000	4,61,00,000

	As at 31st March 2012		As at 31st March 2011	
	No. of shares	Amount ₹	No. of shares	Amount ₹
Balance at the beginning of the year	46, 10,000	4,61,00,000	46, 10,000	4,61,00,000
Add/Less: Movement during the year	—	—	—	—
Balance at the end of the year	46, 10,000	4,61,00,000	46, 10,000	4,61,00,000

Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the company

Particulars	As on 31st March 2012		As on 31st March 2011	
	No. of shares	% Holding In the class	No. of shares	% Holding In the class
Cox & Kings Limited	14,02,500	30.42	14,02,500	30.42
Liz Investments Pvt Ltd	6,66,930	14.47	6,66,930	14.47
Sneh Sadan Graphic Services Ltd.	2,83,000	6.14	2,83,000	6.14
Ajit B Kerkar & Elizabetha Kerkar	2,74,070	5.95	2,74,070	5.95

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012**

4. Reserves & Surplus

Particulars	As At 31.03.2012		As At 31.03.2011	
	₹	₹	₹	₹
General Reserve				
As per last Financial Statement	1,59,82,181		1,59,82,181	
		1,59,82,181		1,59,82,181
Share Premium				
As per last Financial Statement	11,10,00,000		11,10,00,000	
		11,10,00,000		11,10,00,000
Surplus in the statement of profit and loss				
As per last Financial Statement	8,66,46,758		13,59,45,494	
Less :- Loss for the Year	3,61,43,118		4,92,98,736	
		5,05,03,640		8,66,46,758
Total		17,74,85,821		21,36,28,939

5. Long Term Borrowing

Particulars	As At 31.03.2012		As At 31.03.2011	
	₹	₹	₹	₹
Unsecured Loans from Associated Company		13,85,10,000		—
Total		13,85,10,000		—

The Interest Free Unsecured Loans are to be repaid on 31st March 2014. The above loan as on 31st March 2011 was payable on demand and hence same was classified as short term loan in previous year.

6. Long Term Provisions

Particulars	As At 31.03.2012		As At 31.03.2011	
	₹	₹	₹	₹
Provision for Taxation (Net of Taxes Paid)		74,78,712		74,78,712
Provision for Gratuity & Leave Encashment		23,09,593		24,67,785
Total		97,88,305		99,46,497

7. Short Term Borrowing

Particulars	As At 31.03.2012		As At 31.03.2011	
	₹	₹	₹	₹
Unsecured Loans from Associated Companies		21,81,50,000		33,39,60,000
Total		21,81,50,000		33,39,60,000

The Unsecured Loans carry Interest @12% p.a. and said loans are to be repaid on demand



Tulip
Star
Hotels
Ltd.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012



Tulip
Star
Hotels
Ltd.

8. Other Current Liabilities

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Statutory Dues Payable	43,12,929	38,66,973
Unpaid dividend	1,03,400	1,03,400
Due to Associate Companies	1,41,78,926	10,86,092
Others	35,23,614	22,87,793
Total	2,21,18,869	73,44,258

9. Fixed Assets

(All Amounts in ₹)

Tangible Assets	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	As at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Vehicle	5,05,247	-	-	5,05,247	1,18,265	1,00,190	-	2,18,455	2,86,792	3,86,982
Total	5,05,247	-	-	5,05,247	1,18,265	1,00,190	-	2,18,455	2,86,792	3,86,982
As at 31 st March 2011	-	5,05,247	-	5,05,247	-	1,18,265	-	1,18,265	3,86,982	-

10. Non Current Investments

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Trade investment (valued at cost unless stated otherwise)		
Investment in Associates - V Hotels Limited (Refer Note Nos. 18 and 19)		
22,00,000 equity shares (Prev. Year - 22,00,000) of ₹ 10/- each fully paid up	21,99,82,000	21,99,82,000
50,000 Redeemable Preference Shares (Prev. Year - 50,000) of ₹ 100/- each fully paid up	5,00,000	5,00,000
Other Investments		
The Saraswat Co-Op Bank Ltd.		
2,500 (Prev. Year - 2,500) equity Shares of ₹ 10/- each fully paid up	25,000	25,000
The Greater Bombay Co-op Bank Ltd.		
4000 (Prev. Year - 4000) equity Shares of ₹ 25/- each fully paid up	1,00,000	1,00,000
Total	22,06,07,000	22,06,07,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012



Tulip
Star
Hotels
Ltd.

Tulip
Star
Hotels
Ltd.

11. Deferred Tax Assets (Net)

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Deferred Tax Assets are attributable to the following items		
Provision for Gratuity	3,19,046	3,08,312
Provision for Leave Encashment	420,236	4,63,860
Depreciation	11,053	13,126
Total	7,50,335	7,85,298

12. Long Term Loans and Advances

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Trade investment (valued at cost unless stated otherwise)		
Due from Associated Company V Hotels Limited Unsecured, considered good	37,00,00,000	37,00,00,000
'Sundry Deposits Unsecured, considered good	1,16,19,316	1,16,04,316
Loans to employees	65,27,876	49,82,376
Advances recoverable in cash or kind Unsecured, considered good	20,87,750	20,87,750
Advances recoverable in cash or kind Unsecured, considered Doubtful	15,00,000	15,00,000
Less Provision for Doubtful Advances	(15,00,000)	(15,00,000)
Total	39,02,34,942	38,86,74,442

13. Cash and bank balances

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Cash and cash Equivalents		
Balance in Current Accounts	1,33,061	2,97,768
Balance in Unpaid Dividend Account	1,03,400	1,03,400
Total	2,36,461	4,01,168

14. Other Current Assets

Particulars	As At 31.03.2012	As At 31.03.2011
	₹	₹
Prepaid Expenses	37,465	1,24,804
Total	37,465	1,24,804

15. Other Income

Particulars	Current Year	Previous Year
	₹	₹
Dividend	20,000	20,000
Interest	-	974
Total	20,000	20,974



Tulip
Star
Hotels
Ltd.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

16. Employee Benefits Expenses

Particulars	Current Year	Previous Year
	₹	₹
Salaries, bonus, etc.	31,93,565	30,38,872
Contribution to Provident & Other Funds	3,36,152	3,67,279
Gratuity	1,21,682	2,66,722
Staff Welfare	1,19,948	1,55,773
Total	37,71,347	38,28,646

17. Other Expenses

Particulars	Current Year	Previous Year
	₹	₹
Printing and Stationery	72,724	58,438
Travelling and Conveyance	5,92,361	7,61,926
Communication Expenses	1,17,855	1,06,276
Auditors' Remuneration – (see note below)	4,01,022	3,88,807
Professional Fees	43,66,055	32,15,654
Directors Sitting Fees	25,000	19,000
Sundry Advances Written Off	–	2,500
Advertisement	1,25,363	1,39,352
Electricity expenses	7,19,654	5,82,227
Vehicle Expenses	11,90,833	10,45,607
Sundry Expenses	4,30,196	3,79,422
Total	80,41,063	66,99,209

Note: - Auditors' Remuneration includes

Particulars	Current Year	Previous Year
	₹	₹
Audit Fees	64,607	63,422
Other Matters	3,36,415	3,25,385
Total	4,01,022	3,88,807

18. The Company is a confirming party to the Master Asset Purchase Agreement (MAPA) entered into between V Hotels Ltd. (VHL) and Siddhivinayak Realities (P) Ltd. (SRPL) on 31.03.2005. In terms of the said MAPA the Company was required to place its entire holding in VHL in ESCROW with Agents named in MAPA in order to secure the advance payment amounting to ₹ 75 crores made by the said SRPL to VHL. The said MAPA was subject of Arbitration by Sole Arbitrator Mr. Justice S.N. Variava (Retd.) duly appointed by Hon'ble Bombay High Court. The award passed by the Sole Arbitrator is now subject matter of Appeal filed by SRPL before Hon'ble Bombay High Court and the Company is also a party to the said litigation.
19. The Company holds Long Term investment of ₹ 21,99,82,000 in the equity shares of V Hotels Ltd. whose hotel Tulip Star, Mumbai has 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012



Tulip
Star
Hotels
Ltd.

20. Due to financial difficulties Company could not make payment of advance tax arising out of sale of investments in Cox & Kings Ltd. during the financial year 2006-07. During the financial year 2010-11 the Company has paid the said tax in its entirety and has filed the Petition for waiver of the interest of ₹ 270.84 Lacs Under Section 234B and ₹ 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 account for the said interest.

21. CONTINGENT LIABILITIES :-

- a) No provision is considered in respect of income tax demands aggregating to ₹ 198.60 lacs (Previous Year ₹ 198.60 lacs) for earlier assessment years under various stages of appeal. Out of the above, the Company has paid the demands to the extent of ₹ 6.16 lacs up to March 31, 2012 (Previous Year ₹ 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 ₹ 13,352 lacs (Previous Year ₹ 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 ₹ 40.34 Lacs for the non payment of Income Tax dues.

22. RELATED PARTY DISCLOSURES :

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

Associates: -

Cox & Kings Ltd.

Tulip Hotels Pvt. Ltd.

V Hotels Ltd.

Tulip Star Leisure & Health Resorts Ltd.

ABK Enterprises Pvt. Ltd.

Key management Personnel: -

Mr. A. B. M. Good

Dr. A. B. Kerkar

Mr. M. Narayanan

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, 2012**

b) Transactions with Related Parties:

	Associates ₹	Key Management Personnel ₹
Interest Payment	2,44,90,851 (3,04,75,771)	
Director's Sitting Fees		25,000 (19,000)
Inter Corporate Deposits Outstanding as of March 31, 2012	37,00,00,000 (37,00,00,000)	
Advances received	1,14,81,423 (1,84,18,900)	
Advances paid	5,38,000 (1,60,10,485)	
Payments made by Company on behalf of Related Party	4,06,068 (4,66,123)	
Payments made by Related Party on behalf of Company	2,52,55,479 (1,70,46,977)	
Loans repaid during the year	— (10,00,00,000)	
Loans accepted during the year	2,27,00,000 (22,09,50,000)	
Loans outstanding as of March 31, 2012	35,66,60,000 (33,39,60,000)	

C) Disclosure required by clause 32 of the Listing Agreement

Amount of loans / advances in nature of loans outstanding from Subsidiaries and Associates during 2011-12

	Name of the Company	O/s as of March 31, 2012.	Maximum amount o/s during the year	Investment in shares of the Company	Investment in shares of subsidiaries of the Company
		₹	₹	₹	₹
a)	Associates				
	V Hotels Ltd.	37,00,00,000	37,00,00,000	22,04,82,000	

23. EARNING PER SHARE

- The amount used as the numerator in calculating basic and diluted earning per share is the Net Profit/Loss disclosed in the Profit and Loss Account.
 - 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)
- 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.
 - Previous year's figures have been regrouped / reclassified wherever necessary.
 - 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.
 - 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.

28. 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	₹ 9,49,605
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	₹ 82,903
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)	₹ 9,66,619
Expenses	(₹ 17,014)
Contribution	NA
Closing liability	₹ 9,49,605
Expenses recognized in profit & loss account	
Current service cost	₹ 70,790
Interest cost	₹ 79,746
Expected return on plan assets	NA
Expected return on reimbursement rights	NA
Past Service Cost – Non –Vested Benefits recognised during the period	(₹ 86,946)
Actuarial gains / (losses)	(₹ 80,604)
Net Expenses including payments to and provision for employees	(₹ 17,014)
Actuarial Assumptions	
Discount rates	8.25% 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



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 : July 05, 2012



TULIP STAR HOTELS LIMITED

Registered Office :
Indra Palace, H-Block, Connaught Circus, New Delhi - 110 001.

PROXY FORM

DP. Id*		Client Id*	
Master Folio No.		No. of Shares	

Reg. Folio No.....

I/We

ofin the district of
.....being a member/members of the above named Company hereby appoint
.....ofin the district of
.....or failing him/her of
.....in the district of
as my/our proxy to attend and vote for me/us on my/our behalf at the TWENTY FIFTH ANNUAL GENERAL MEETING
of the Company to be held on Thursday, September 27, 2012 at 3.30 p.m. and any adjournment thereof.

Signed this day of, 2012

Signature.....

*Applicable for investors holding shares in dematerialised form.

**Revenue
Stamp**

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

TULIP STAR HOTELS LIMITED

Registered Office :
Indra Palace, H-Block, Connaught Circus, New Delhi - 110 001.

ATTENDANCE SLIP

DP. Id*		Client Id*	
Master Folio No.		No. of Shares	

Reg. Folio No.....

I certify that I am registered shareholder/proxy for the registered shareholder of the Company, I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company at The Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi - 110 001 on Thursday, September 27, 2012 at 3.30 p.m.

.....
Member's/Proxy's name in BLOCK Letters

.....
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

*Applicable for investors holding shares in dematerialised form.

Book-Post

TWENTY FIFTH ANNUAL REPORT 2011-2012

If undelivered, please return to :

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