

26th Annual Report  
2012-2013



**TULIP STAR HOTELS LTD.**

## **BOARD OF DIRECTORS**

As on May 29, 2013

**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 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

of .....in the district of  
.....being a member/members of the above named Company hereby appoint .....  
.....of .....in 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 SIXTH ANNUAL GENERAL MEETING  
of the Company to be held on Tuesday, August 13, 2013 at 3.30 p.m. and any adjournment thereof.

Signed this ..... day of ....., 2013

Signature .....

**Revenue  
Stamp**

\*Applicable for investors holding shares in dematerialised form.

**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 SIXTH ANNUAL GENERAL MEETING of the Company at The Deputy Speaker Hall, Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi - 110 001 on Tuesday, August 13, 2013 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.



## NOTICE TO THE MEMBERS

Notice is hereby given that the Twenty Sixth 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 Tuesday, August 13, 2013 at 3.30 p.m. to transact the following business :

### ORDINARY BUSINESS:

#### Item No. 1. – Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, 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.

#### Item No. 2. – Re-appointment of Mr. Mahendra Lodha

To appoint a Director in place of Mr. Mahendra Lodha who retires by rotation and being eligible offers himself for reappointment.

#### Item No. 3. – Re-appointment of Mr. Arvind S. Herwadkar

To appoint a Director in place of Mr. Arvind S. Herwadkar who retires by rotation and being eligible offers himself for reappointment.

#### Item No. 4. – Re-appointment of Statutory Auditors

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.”

### SPECIAL BUSINESS:

#### Item No. 5. – Re-appointment of Dr. Ajit B. Kerkar as Managing Director

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), permissions and sanctions as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any Authorities in granting such approvals, permissions and sanctions and pursuant to the approval of the Board of Directors of the Company at its Meeting held on February 07, 2013, the consent of the Members be and is hereby accorded to the re-appointment of Dr. Ajit B. Kerkar as Managing Director of the Company, for a period of 5 (five) years with effect from April 01, 2013 to March 31, 2018, on the terms and conditions as set out under Item No. 5 of the Explanatory Statement annexed to the Notice;

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

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution.”

For and on behalf of the Board

Place : Mumbai

Date : May 29, 2013

**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.**
- 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.
- The Register of Members and the Share Transfer Books of the Company under the physical mode will remain closed from Wednesday, August 07, 2013 to Tuesday, August 13, 2013 (both days inclusive).
- 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 : [complianceofficer@tulipstar.com](mailto:complianceofficer@tulipstar.com)).
- 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.
- 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. Mahendra Lodha:**

Mr. Mahendra Lodha, 57 years, B.COM.(HONS.), LL.B., F.C.A. is a practising 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 member of the audit committee of the Company.

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

<b>Name of the Company</b>	<b>Position held</b>	<b>Committee membership/ Chairmanship</b>
Steelco Gujarat Ltd.	Director	Audit Committee , Remuneration Committee and Shareholders Committee – Member
Nitrex Chemicals India Limited	Director	
Rama Petrochemicals Ltd.	Director	Audit Committee – Member and Remuneration Committee – Chairman
Rainbow Denim Ltd.	Director	Audit Committee – Member and Remuneration Committee and Shareholders Committee – Chairman
Kalyanpur Cements Limited	Director	Audit Committee – Member
Amul Exim Limited	Director	
Parxit Industries Ltd.	Director	

**Mr. Arvind S. Herwadkar:**

Mr. Arvind S. Herwadkar, 78 years, he is a Mechanical Engineer from VJTI Mumbai. He was employed with OTIS Elevators for over 4 decades in various senior positions before retiring as General Manager. Thereafter, he was Consultant and Dialogue Administrator to OTIS Elevators for 3 years. He was also Consultant to Schindler, a world-renowned Elevator & Escalator Company. Mr. Herwadkar also worked as Senior Vice President with United White Metal Ltd. for 3 years. He is presently working as Director & Senior Consultant with Lerch Bates Pvt. Ltd., a world renowned consultancy firm. He is also a member of the Bureau of Indian Standards, IEEMA & PALEA (Asia Pacific). Mr. Herwadkar has vast technical and administrative experience. Mr. Herwadkar does not hold any share in the Company. He is a Director of V Hotels Ltd.

He is member of Audit Committee and Investors Grievance Committee of the Company

**Dr. Ajit B. Kerkar :**

Dr. Ajit B. Kerkar, 80 years, was the former Chairman and Managing Director of The Indian Hotels Company Limited (Taj Group of Hotels). Dr. Ajit B. Kerkar has also served on the board of Air India Limited, Indian Airlines Limited and Tourism Finance Corporation of India Limited. Dr. Ajit B. Kerkar was the Tourism Advisor to the Government of Maharashtra and the Government of Goa.

Dr. Ajit B. Kerkar holds 2,74,070 Equity Shares in the Company. He is the Chairman of V Hotels Ltd. and Tulip Star Leisure & Health Resorts Limited. He is a Director of Satyagiri Waterways Limited and Satyagiri Shipping Co. Ltd. He is Executive Director of Liz Investments Private 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



Tulip  
Star  
Hotels  
Ltd.

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

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business under item no.5 of the accompanying Notice dated May 29, 2013.

Item No. 5:

Dr. Ajit B. Kerkar has been the Managing Director of the Company since April 01, 2003. The term of office of Dr. Ajit B. Kerkar, as Managing Director of the Company expired on March 31, 2013.

The Board of Directors of the Company at its meeting held on February 07, 2013 has, subject to the approval of Members, re-appointed Dr. Ajit B. Kerkar for a further period of 5 years from the expiry of the present term, on the remuneration determined by the Remuneration Committee of the Board at its meeting held on February 07, 2013.

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

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

Details of Remuneration :

a. Perquisites :

Provision of car :

The Company shall provide car with chauffeur.

b. Overall Remuneration :

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

c. Minimum Remuneration :

The Minimum Remuneration will be within the overall limits as set out in Section II of Schedule XIII of the Companies Act, 1956.

d. Other Terms & Conditions :

Dr. Ajit B. Kerkar as Managing Director will be entitled to sitting fee for attending the meetings of Board of Directors. Dr. Ajit B. Kerkar will not be liable to retire by rotation. Notwithstanding anything to the contrary herein contained either party shall be entitled to terminate the agreement at any time by giving to the other party 90 days notice in writing in that behalf.

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

For and on behalf of the Board

Place : Mumbai  
Date : May 29, 2013

**Arvind S. Herwadkar**  
*Director*

## DIRECTORS' REPORT



### To the Shareholders,

Your Directors present herewith the Twenty Sixth Annual Report and the audited accounts of the Company for the year ended 31st March 2013.

### FINANCIAL RESULTS

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

	(₹ in lacs)	
	2012-2013	2011-2012
Loss before Finance Cost & Provision for Taxes	130.77	116.17
<b>Add :</b> Finance Cost	318.60	244.91
<b>Less :</b> Provision for Income Tax (Deferred Tax)	19.82	0.35
Loss for the year	469.19	361.43
Profit and Loss Account Balance	505.04	866.47
Balance available for Appropriation	35.85	505.04

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.

### DIVIDEND

The Directors regret their inability to recommend dividend.

### FINANCE

The total borrowings stood at Rs. 38.58 crores as at March 31, 2013 as against Rs. 35.66 crores as on March 31, 2012. 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

In the longer term, the growth potential is significant as evident from the continued global interest in the Indian hospitality Industry. Growth in tourism will definitely lead to boom in hotels and restaurants. Tourism is playing a pivotal role in growth of hotel industry.

#### 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. 469.19 lacs as against loss of Rs. 361.43 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**

Dr. Ajit B. Kerkar has been re-appointed as Managing Director for a period of 5 years with effect from 1st April 2013. The re-appointment is subject to approval of the members in the General Meeting. Accordingly the necessary approval of the members is sought at the ensuing Annual General Meeting.

Pursuant to Section 256 of the Companies Act, 1956, Mr. Mahendra Lodha and Mr. Arvind S. Herwadkar retire at the 26th 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 REPORT**

Messrs. Ray & Ray, Chartered Accountants who had been appointed by the members at the Twenty Fifth Annual General Meeting as the Statutory Auditors for the year 2012-2013 would be retiring at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Auditors have confirmed their eligibility and willingness to accept the office, if re-appointed. The members are requested to consider their re-appointment.



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

Clause 5 regarding Loans

Loans Granted :-

Your Company has lent Rs. 37 crores 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.

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 V Hotels Ltd. 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 confirms 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 : May 29, 2013

**A. B. M. Good**

*Chairman*

## REPORT ON CORPORATE GOVERNANCE

### Introduction :

Your Company has complied during the financial year 2012-13 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 6 times during the last financial year on May 14, 2012, July 05, 2012, August 11, 2012, September 27, 2012, October 20, 2012, and February 07, 2013.

Attendance of each Director at the Board Meetings in 2012-13 and last Annual General Meeting and number of Companies and Committees where he is Director / Member (as on March 31, 2013) :-

Name of the Director	Category of Directorship	Attendance at last AGM held on September 27, 2012	No. of Board Meetings attended	Number of	
				Other Directorships*	Other Committee Memberships
Mr. A. B. M. Good	Non-Executive Chairman	Present	6	1	3
Dr. Ajit B. Kerkar	Managing Director	Absent	5	4	–
Mr. Mahendra Lodha	Independent & NED	Absent	–	8	9
Mr. Arvind S. Herwadkar	Independent & NED	Present	6	1	–
Mr. Mahalingam Narayanan	Independent & NED	Present	5	4	4
Mr. Pesi S. Patel	Independent & NED	Absent	4	1	3
Mr. Shailesh S. Mody	Independent & NED	Present	4	2	–

\*the directorship held by Directors as mentioned above, do not include alternate directorship directorship, in foreign companies, companies registered under section 25 of the Companies Act and private limited companies.

#### 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, 2013. 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 2012-2013, the Audit Committee met 5 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	5
Mr. Arvind S. Herwadkar	Member	5
Mr. Shailesh S Mody	Member	3

5. All Directors, except the Managing Director, were Non-Executive Directors for the financial year 2012-13. 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, 2013 are as follows:-

Name of the Director	₹
Mr. A. B. M. Good	6,000
Dr. Ajit B. Kerkar	5,000
Mr. Mahendra Lodha	Nil
Mr. Arvind S. Herwadkar	6,000
Mr. Pesi S. Patel	4,000
Mr. Shailesh S. Mody	4,000
Mr. Mahalingam Narayanan	5,000
<b>Total</b>	<b>30,000</b>

#### 6. Investor Grievance Committee

The Company's Registrar, Link Intime India Pvt. Ltd and the Company had received 14 letters during the financial year 2012-13, 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
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
25th AGM	September 27, 2012	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, 2013.

#### 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](http://www.bseindia.com).

#### 10. General Shareholder Information

AGM Date, Time and Venue	Tuesday, August 13, 2013 at 3.30 hrs at The Deputy Speaker Hall Constitution Club, Vithal Bhai Patel House, Rafi Marg, New Delhi - 110 001.
Financial Year	April 01, 2013 to March 31, 2014
Tentative :-	
First Quarter Results/Limited Review Report	Second week of August 2013
Half Yearly Results/Limited Review Report	Second week of November 2013
Third Quarter Results/Limited Review Report	Second week of February 2014
Audited Results for the year ended March 31, 2014	May 2014
Dates of Book Closure	Wednesday, August 07, 2013 to Tuesday, August 13, 2013 (both days inclusive)
Listing on Stock Exchanges	The Stock Exchange, Mumbai. The listing fees have been paid for the financial year 2013-14. 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 2013-14 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

The Company's Registrar & Transfer Agent, Link Intime India Pvt. Ltd process share transfers normally within a maximum period of 15 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 Exchange, 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 2012-2013

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

Months	High (₹)	Low (₹)
April 2012	174.00	148.05
May 2012	163.00	137.05
June 2012	159.90	130.15
July 2012	162.00	126.25
August 2012	149.00	125.65
September 2012	148.00	135.00
October 2012	160.90	129.05
November 2012	153.70	125.15
December 2012	170.15	136.00
January 2013	159.95	137.25
February 2013	150.50	134.55
March 2013	147.40	125.05

## Distribution of Shareholding as on March 31, 2013

Shareholding of nominal value of ₹ 10	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 – 5000	1,473	89.27	1,57,105	3.41
5001 – 10000	75	4.55	58,905	1.28
10001 – 20000	32	1.94	49,146	1.06
20001 – 30000	15	0.91	38,022	0.82
30001 – 40000	10	0.61	36,750	0.80
40001 – 50000	6	0.36	27,138	0.59
50001 – 100000	8	0.48	60,817	1.32
100001 & above	31	1.88	41,82,117	90.72
Total	1,650	100.00	46,10,000	100.00



**Tulip  
Star  
Hotels  
Ltd.**

### Shareholding pattern as of March 31, 2013

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	8,59,087	2,800	8,61,887	18.70
NRI's / OCB's	28,411	–	28,411	0.62
Public	10,08,506	84,696	10,93,202	23.71
Total	45,22,504	87,496	46,10,000	100.00

#### 11. Insider Trading :

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

#### 12. Address for Correspondence :

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

##### Secretarial Office :

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

##### 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, 2013.

Place : Mumbai

Date : May 29, 2013

**Dr. Ajit B. Kerkar**

*Managing Director*

AUDITORS' CERTIFICATE REGARDING COMPLIANCE CONDITIONS OF CORPORATE GOVERNANCE

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, 2013, 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.

Place : Mumbai  
Date : May 29, 2013

For **Ray & Ray**  
*Chartered Accountants*  
Firm Reg. No. 301072E

**Anil V. Karnik**  
*Partner*  
Membership No. 31005





## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
Tulip Star Hotels Limited

### Report on Financial Statements

We have audited the accompanying financial statements of Tulip Star Hotels Ltd. ("the Company") which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit & Loss, 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227 (4A) of the Act, 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) in our opinion the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Act;
  - v) on the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors we report that none of the directors is disqualified as on March 31, 2013 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

For **Ray & Ray**  
*Chartered Accountants*  
Firm Reg. No. 301072E

**Anil V. Karnik**  
*Partner*  
Membership No. 31005

Place : Mumbai  
Date : May 29, 2013



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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	Cox & Kings Ltd	Common Directors	2,92,50,000	24,74,00,000
2	Tulip Hotels Pvt Ltd	Common Directors	Nil	13,84,00,000

Interest at 14% 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 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 31.3.2013 for a period exceeding six months from the date they became payable.**

<b>Fringe Benefit Tax</b>	<b>₹ 2.75 Lac</b>
<b>ESIC</b>	<b>₹ 0.10 Lac</b>
<b>Provident Fund</b>	<b>₹ 0.93 Lac</b>
<b>Service Tax</b>	<b>₹ 1.77 Lac</b>
<b>Tax Deducted at Source</b>	<b>₹ 42.86 Lacs</b>

**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:**

<b>Nature of Disputed Dues</b>	<b>Amount ₹ In Lacs</b>	<b>Forum where dispute is pending</b>
<b>Income Tax on completion of regular assessments for assessment year 2007-08</b>	<b>149.70</b>	<b>Hon'ble Income Tax Tribunal, New Delhi</b>
<b>Penalty U/s 221(1) of the Income Tax Act, 1961</b>	<b>40.34</b>	<b>Hon'ble Income Tax Tribunal, New Delhi</b>

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:**

<b>Name of the Bank</b>	<b>Amount of Guarantee given (₹)</b>
<b>Consortium of Banks</b>	<b>129,00,00,000 Plus interest</b>
<b>Canara Bank</b>	<b>4,40,00,000</b>
<b>ICICI Bank</b>	<b>12,40,000</b>

**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*  
Firm Reg. No. 301072E

**Anil V. Karnik**  
*Partner*  
Membership No. 31005

Place : Mumbai  
Date : May 29, 2013



BALANCE SHEET AS AT MARCH 31, 2013

Tulip  
Star  
Hotels  
Ltd.

	Note No.	₹	₹	As At 31.3.2012 ₹
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>SHAREHOLDERS' FUNDS</u></b>				
Share Capital	3	4,61,00,000		4,61,00,000
Reserves and Surplus	4	13,05,66,519		17,74,85,821
			17,66,66,519	22,35,85,821
<b><u>NON CURRENT LIABILITIES</u></b>				
Long-term borrowings	5	13,84,00,000		1385,10,000
Long-term provisions	6	31,03,156		97,88,305
			14,15,03,156	14,82,98,305
<b><u>CURRENT LIABILITIES</u></b>				
Short-term borrowings	7	24,74,00,000		21,81,50,000
Short-term provisions	8	2,09,00,000		–
Other current liabilities	9	3,69,54,360		2,21,18,869
			30,52,54,360	24,02,68,869
<b>TOTAL</b>			<b>62,34,24,035</b>	<b>61,21,52,995</b>
<b><u>ASSETS</u></b>				
<b><u>NON CURRENT ASSETS</u></b>				
Fixed assets	10	2,12,542		2,86,792
Non-current investments	11	22,06,07,000		22,06,07,000
Deferred tax assets (net)	12	1,23,99,477		7,50,335
Long- term Loans and Advances	13	38,98,69,339		39,02,34,942
			62,30,88,358	61,18,79,069
<b><u>CURRENT ASSETS</u></b>				
Cash and Cash equivalents	14	2,15,141		2,36,461
Other current assets	15	1,20,536		37,465
			3,35,677	2,73,926
<b>TOTAL</b>			<b>62,34,24,035</b>	<b>61,21,52,995</b>
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  
Firm Reg. No. 301072E

**A. B. M. Good**  
Chairman

**Dr. Ajit B. Kerkar**  
Managing Director

**Sanjeev D. Shenvi**  
Company Secretary

**Anil V. Karnik**  
Partner  
Membership No. 31005

Place : Mumbai  
Date : May 29, 2013

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013



	Note No.	₹	₹	Previous Year ₹
<b>REVENUE</b>				
Other Income	16		20,000	20,000
<b>Total Revenue</b>			<b>20,000</b>	<b>20,000</b>
<b>EXPENSES</b>				
Employee Benefits Expenses	17	36,93,502		37,71,347
Finance Cost		3,18,60,254		2,44,90,851
Depreciation		74,250		1,00,190
Other Expenses	18	90,12,428		80,41,063
<b>Total Expenses</b>			<b>4,46,40,434</b>	<b>3,64,03,451</b>
Loss before Exceptional Items and Tax			4,46,20,434	3,63,83,451
Prior Period Adjustment		3,17,192		42,346
Excess Provision Written Back		—		(3,17,642)
<b>Loss Before Tax</b>			<b>4,49,37,626</b>	<b>3,61,08,155</b>
<b>Tax Expenses</b>				
Current tax (Incl Provision for earlier years)		1,36,30,818		—
Deferred tax		(1,16,49,142)		34,963
<b>Loss for the year</b>			<b>4,69,19,302</b>	<b>3,61,43,118</b>
<b>Earning per equity share:</b>				
Basic & Diluted	23		(10.18)	(7.84)
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  
Firm Reg. No. 301072E

**A. B. M. Good**  
Chairman

**Dr. Ajit B. Kerkar**  
Managing Director

**Sanjeev D. Shenvi**  
Company Secretary

**Anil V. Karnik**  
Partner  
Membership No. 31005

Place : Mumbai  
Date : May 29, 2013



Tulip  
Star  
Hotels  
Ltd.

## CASH FLOW STATEMENT

	31.03.2013	31.03.2012
	₹	₹
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	4,49,37,626	3,61,08,155
adjustments for		
Depreciation	74,250	1,00,190
Provision written back	—	3,17,642
Finance Cost	3,18,60,254	2,44,90,851
Interest Income	—	—
Dividend on long term investments (non-trade)	20,000	20,000
<b>Operating Profit before working capital changes</b>	<b>1,30,23,122</b>	<b>1,18,54,756</b>
(Increase)/decrease in loans and advances	2,82,532	(1,4,73,161)
Increase/(decrease) trade and other payables	4,45,66,976	3,76,34,061
	<u>4,48,49,508</u>	<u>3,61,60,900</u>
<b>Cash generated from operations</b>	<b>3,18,26,386</b>	<b>2,43,06,144</b>
Direct taxes paid	—	—
<b>Net cash generated / (used in) from operations</b>	<b>3,18,26,386</b>	<b>2,43,06,144</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	—	—
Dividend income	20,000	20,000
Interest Income	—	—
	<u>20,000</u>	<u>20,000</u>
<b>Net cash from / (used in) Investing Activities</b>	<b>20,000</b>	<b>20,000</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest expenses	3,18,60,254	2,44,90,851
Dividend Paid	7,452	—
<b>Net cash from / (used in) Financing Activities</b>	<b>(3,18,67,706)</b>	<b>(2,44,90,851)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(21,320)</b>	<b>(1,64,707)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>236,461</b>	<b>4,01,168</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>215,141</b>	<b>2,36,461</b>

For and on behalf of the Board

As per our Report attached

**A. B. M. Good**  
Chairman

**Dr. Ajit B. Kerkar**  
Managing Director

**Sanjeev D. Shenvi**  
Company Secretary

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

Place : Mumbai  
Date : May 29, 2013

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013



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.

**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

- (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**

<b>Particulars</b>	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Authorised</b>	₹	₹
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

<b>Reconciliation of equity shares</b>				
	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
	<b>No. of shares</b>	<b>₹</b>	<b>No. of shares</b>	<b>₹</b>
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.

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:**

<b>Particulars</b>	<b>As at 31.03.2013</b>		<b>As at 31.03.2012</b>	
	<b>No. of shares</b>	<b>% Holding In the class</b>	<b>No. of shares</b>	<b>% Holding In the class</b>
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
Dr. Ajit B Kerkar & Elizabetha Kerkar	2,74,070	5.95	2,74,070	5.95
Swagat Cements Pvt Ltd	2,60,520	5.65	2,60,520	5.65



**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**



**Tulip  
Star  
Hotels  
Ltd.**

**4. Reserves & Surplus**

Particulars	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
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	5,05,03,640		8,66,46,758	
Less :- Loss for the Year	4,69,19,302		3,61,43,118	
		35,84,338		5,05,03,640
<b>Total</b>		<b>13,05,66,519</b>		<b>17,74,85,821</b>

**5. Long Term Borrowing:**

Particulars	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Unsecured Loans from Associated Company		13,84,00,000		13,85,10,000
<b>Total</b>		<b>13,84,00,000</b>		<b>13,85,10,000</b>

The Interest Free Unsecured Loans are to be repaid on 31st March 2015.

**6. Long Term Provisions**

Particulars	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Provision for Taxation (Net of Taxes Paid)		2,09,529		74,78,712
Provision for Gratuity & Leave Encashment		28,93,627		23,09,593
<b>Total</b>		<b>31,03,156</b>		<b>97,88,305</b>

**7. Short Term Borrowing**

Particulars	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Unsecured Loans from Associated Companies		24,74,00,000		21,81,50,000
<b>Total</b>		<b>24,74,00,000</b>		<b>21,81,50,000</b>

The Unsecured Loans carry Interest @14% p.a. and said loans are to be repaid on demand

**8. Short Term Provisions**

Particulars	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
Provision for Taxation		2,09,00,000		—
<b>Total</b>		<b>2,09,00,000</b>		<b>—</b>



**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

Tulip  
Star  
Hotels  
Ltd.

**9. Other Current Liabilities**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
Statutory Dues Payable	88,60,868	43,12,929
Unpaid dividend	95,948	1,03,400
Due to Associate Companies	2,23,51,388	1,41,78,926
Others	56,46,156	35,23,614
<b>Total</b>	<b>3,69,54,360</b>	<b>2,21,18,869</b>

**10. Fixed Assets**

Tangible Assets	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2012 ₹	Additions/ Adjustments ₹	Deductions/ Adjustments ₹	As at 31.03.2013 ₹	As at 01.04.2012 ₹	Additions/ Adjustments ₹	Deductions/ Adjustments ₹	As at 31.03.2013 ₹	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Vehicle	5,05,247	-	-	5,05,247	2,18,455	74,250	-	2,92,705	2,12,542	2,86,792
Total	5,05,247	-	-	5,05,247	2,18,455	74,250	-	2,92,705	2,12,542	2,86,792
As at 31 <sup>st</sup> March 2012	5,05,247	-	-	5,05,247	1,18,265	1,00,190	-	2,18,455	2,86,792	-

**11. Non Current Investments**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>Trade investment</b>		
Investment in Associates - V Hotels Limited (Refer Note Nos. 19 and 20)		
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
<b>Other Investments</b>		
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
<b>Total</b>	<b>22,06,07,000</b>	<b>22,06,07,000</b>

**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**



**Tulip  
Star  
Hotels  
Ltd.**

**12. Deferred Tax Assets (Net)**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>Deferred Tax Assets are attributable to the following items</b>		
Provision for Gratuity	3,72,324	3,19,046
Provision for Leave Encashment	5,31,433	420,236
Depreciation	6,024	11,053
Expenses allowable for tax purposes on payment	1,14,89,696	-
<b>Total</b>	<b>1,23,99,477</b>	<b>7,50,335</b>

**13. Long Term Loans and Advances**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
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	1,16,19,316
Loans to employees	66,62,273	65,27,876
Advances recoverable in cash or kind Unsecured, considered good	15,87,750	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
<b>Total</b>	<b>38,98,69,339</b>	<b>39,02,34,942</b>

**14. Cash and bank balances**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
Cash and cash Equivalents		
Balance in Current Accounts	1,19,193	1,33,061
Balance in Unpaid Dividend Account	95,948	1,03,400
<b>Total</b>	<b>2,15,141</b>	<b>2,36,461</b>

**15. Other Current Assets**

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
Prepaid Expenses	1,20,536	37,465
<b>Total</b>	<b>1,20,536</b>	<b>37,465</b>



**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

**Tulip  
Star  
Hotels  
Ltd.**

**16. Other Income**

Particulars	Current Year	Previous Year
	₹	₹
Dividend	20,000	20,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

**17. Employee Benefits Expenses**

Particulars	Current Year	Previous Year
	₹	₹
Salaries, bonus, etc.	31,14,385	31,93,565
Contribution to Provident & Other Funds	3,20,340	3,36,152
Gratuity	1,37,229	1,21,682
Staff Welfare	1,21,548	1,19,948
<b>Total</b>	<b>36,93,502</b>	<b>37,71,347</b>

**18. Other Expenses**

Particulars	Current Year	Previous Year
	₹	₹
Printing and Stationery	73,423	72,724
Travelling and Conveyance	3,53,064	5,92,361
Communication Expenses	1,32,852	1,17,855
Auditors' Remuneration – (see note below)	1,15,169	4,01,022
Professional Fees	50,36,913	43,66,055
Directors Sitting Fees	30,000	25,000
Advertisement	1,47,698	1,25,363
Electricity expenses	8,43,854	7,19,654
Vehicle Expenses	13,70,967	11,90,833
Service Tax	4,73,759	–
Sundry Advances Written Off	65,636	–
Sundry Expenses	3,69,093	4,30,196
<b>Total</b>	<b>90,12,428</b>	<b>80,41,063</b>

**Note: - Auditors' Remuneration includes**

Particulars	Current Year	Previous Year
	₹	₹
Audit Fees	64,607	64,607
Other Matters	50,562	3,36,415
<b>Total</b>	<b>1,15,169</b>	<b>4,01,022</b>

**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**



- 19 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. The Company was required to place and has placed its entire shareholding in VHL in escrow for the then contemplated transaction, in order to secure the advance amount of Rs. 73,00,51,960/- paid by said SRPL to VHL. The said MAPA was subject of arbitration before Sole Arbitrator Mr. Justice S.N. Variava (Retd.) duly appointed by Hon'ble Bombay High Court. The award passed by the Sole Arbitrator on 13th July 2011 holding that SRPL has committed a repudiatory breach and hence is in default and therefore MAPA stands cancelled has been set aside by the Learned Single Judge of the Hon'ble Bombay High Court in an arbitration application filed by SRPL u/s 34 of the Arbitration and Conciliation Act, 1996 vide his order dated 10th May 2013. As per the said order, the Learned Single Judge has only set aside the award passed by the Ld. Sole Arbitrator and has not passed any orders decreeing the counter claims of SRPL. In view of this, the Management is of the opinion that the value of shareholding of the Company in V Hotels Ltd. remains undiminished as the rights, title and interest of VHL in its hotel property is not adversely affected by the decision of the Learned Single Judge.
20. 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 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.

**21. CONTINGENT LIABILITIES :-**

- a) No provision is considered in respect of income tax demands aggregating to Rs. 198.60 lacs (Previous Year Rs. 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 Rs.6.16 lacs up to March 31, 2013 (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.

**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. Ajit B. Kerkar  
Mr. M. Narayanan  
Mr. Mahendra Lodha  
Mr. Arvind S. Herwadkar  
Mr. Pesi S. Patel  
Mr. Shailesh S. Mody



**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

**b) Transactions with Related Parties:**

	Associates ₹	Key Management Personnel ₹
Interest Payment	3,18,60,254 (2,44,90,851)	
Director's Sitting Fees		30,000 (25,000)
Inter Corporate Deposits Outstanding as of March 31, 2013	37,00,00,000 (37,00,00,000)	
Advances received	82,42,521 (1,41,81,423)	
Advances paid	5,00,000 (5,38,000 )	
Payments made by Company on behalf of Related Party	1,03,032 (4,06,128)	
Payments made by Related Party on behalf of Company	11,08,744 (32,94,713)	
Loans repaid during the year	1,10,000 (10,00,00,000)	
Loans accepted during the year	2,92,50,000 (16,12,10,000)	
Loans outstanding as of March 31, 2013	38,58,00,000 (33,66,60,000)	

**C) Disclosure required by clause 32 of the Listing Agreement**

Amount of loans / advances in nature of loans outstanding from Subsidiaries and Associates during 2012-13

	Name of the Company	O/s as of March 31, 2013.	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**

- a) 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.
  - 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)
24. 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.
  25. Previous year's figures have been regrouped / reclassified wherever necessary.
  26. 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.
  27. 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.

**NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**



**Tulip  
Star  
Hotels  
Ltd.**

**28. Employee Benefit:**

Details	Post Employment Benefits
Nature of benefit	Defined benefit – Gratuity
<b>Assets &amp; liabilities recognized in balance sheet</b>	
Present value of unfunded defined benefit obligations	₹ 10,36,551
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 not recognized as asset	NA
Fair value of any reimbursement rights recognized as asset	NA
Other amounts, if any, recognized in balance sheet	₹ 31,153
<b>Amounts included in fair value of plan assets:</b>	
Own financial instruments	NA
Property or other assets used	NA
<b>Movement in net liability:</b>	
Opening liability (net of Transitional Liability)	₹ 10,36,551
Expenses	₹ 1,37,229
Contribution	NA
Closing liability	₹ 11,73,780
<b>Expenses recognized in profit &amp; loss account</b>	
Current service cost	₹ 66,339
Interest cost	₹ 90,698
Expected return on plan assets	NA
Expected return on reimbursement rights	NA
Past Service Cost – Non –Vested Benefits recognised during the period	Nil
Actuarial gains / (losses)	(₹ 19,808)
Net Expenses including payments to and provision for employees	₹ 1,37,229
<b>Actuarial Assumptions</b>	
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  
Firm Reg. No. 301072E

**A. B. M. Good**  
Chairman

**Dr. Ajit B. Kerkar**  
Managing Director

**Sanjeev D. Shenvi**  
Company Secretary

**Anil V. Karnik**  
Partner  
Membership No. 31005

Place : Mumbai  
Date : May 29, 2013

**Book-Post**

# **TWENTY SIXTH ANNUAL REPORT 2012-2013**

---

If undelivered, please return to :

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





# TULIP STAR HOTELS LTD.

FORM A

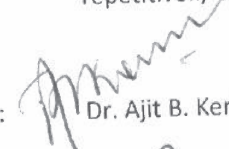
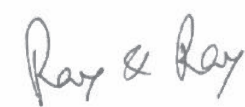
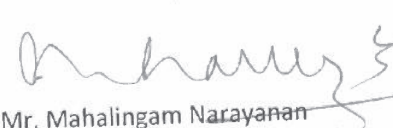
Name of the Company : Tulip Star Hotels Ltd.

Annual Financial Statements for the year ended : 31<sup>st</sup> March, 2013

Type of Audit observation : Un-qualified / ~~Matter of Emphasis~~

Frequency of observation : ~~Whether appeared first time - /~~  
~~repetitive - / since how long period~~

To be signed by –

- Managing Director :   
Dr. Ajit B. Kerkar
- Auditor of the Company :   
Ray & Ray, Chartered Accountants
- Audit Committee Chairman :   
Mr. Mahalingam Narayanan

