

39वीं वार्षिक रिपोर्ट
39th ANNUAL REPORT
2003-2004



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भारत पर्यटन विकास निगम लि०
INDIA TOURISM DEVELOPMENT CORPORATION LTD

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**[Review and Comments of the Comptroller & Auditor General of
India under Section 619(4) are being awaited and will be placed
on the table]**

INDIA TOURISM DEVELOPMENT CORPORATION LIMITED**Directors' Report -- 2003-2004**

To

The Members,

Your Directors have pleasure in presenting the Thirty Ninth Annual Report of the Company together with the audited accounts for the year ended 31st March 2004.

Financial Performance

2 The key figures relating to financial performance of the Company for the year 2003-2004 are given below:

(Rupees in crores)

Particulars	2003-2004	2002-2003
Turnover	290.65	238.40
Operating Profit/(Loss)	5.13	2.79
Less: Interest	0.77	0.25
Less: Depreciation	3.60	3.75
Add/(Less): Prior period adjustments and Extraordinary items	2.10	(-) 7.89
Profit/(Loss) before Tax	2.86	(-) 9.10
Add/Less: Deferred Tax	(-) 1.51	2.40
Less: Provision for Income Tax	0.16	-
Less: Provision for Wealth Tax	-	(-) 0.01
Profit/(Loss) after Tax	1.19	(-) 6.70
Proposed Dividend	-	-
Equity Capital	67.52	67.52
Capital Employed	106.23	90.85

During the year under review, your Company has shown marked improvement with the turnover reaching Rs 290.65 crores (previous year Rs 238.40 crores) reflecting an increase of 21.92%. After suffering losses during the last four years, your Company could earn a net profit (before tax) of Rs 2.86 crores for the years as against loss of Rs 9.10 crores in previous year. To improve the presentation of the financial results, the profit (before tax) have been considered after prior period income/expenditure and extra-ordinary items and accordingly the previous year's figures have also been recast resulting in loss (before tax) of Rs 9.10 crores as against loss (before tax) of Rs 1.21 crores shown in annual accounts for that year. The segment-wise

performance has also shown improvement over the previous year. The focus continues on efficiency, cost control, consolidation and rationalisation of manpower by redeployment and offering Voluntary Retirement Scheme to the employees.

Share Capital

The Company's paid up share capital as on 31st March 2004 has remained at the previous year's level of Rs 67.52 crores.

Dividend

Due to the inadequate profits (after tax) for the year and also in view of financial position of your Company, no dividend has been recommended.

Corporate Governance

The report on Corporate Governance as required by Clause 49 of the Listing Agreement together with Auditor's Certificate regarding the compliance of Code of Corporate Governance forms part of this Report and placed at Annexure I. In regard to the observations of the Auditors, suitable disclosures have been made in the Report. The Management discussion and analysis on performance of the Corporation is placed at Annexure II and also forms part of this report.

Network of Services

The present network of services of the Company consists of eight owned Hotels, two Restaurants (including one Airport Restaurant), seven Joint Venture Hotels (including one hotel under construction), 12 Ashok Travel & Transport Units, 1 Ashok Tourist Service Station, Duty Free Shops at International Airports at 10 locations (including one Down Town Tax Free Shop) and one Sound & Light Show. Your Company continues to provide catering services at Western Court, Hyderabad House, Vigyan Bhawan and Media Press Centre located in Shastri Bhawan, besides managing a Hotel at Bharatpur, a Restaurant at Kosi and Sound & Light Show at Ahmedabad owned by the Department of Tourism.

Ashok Group of Hotels

The Ashok Group of Hotels now comprises of eight owned hotels viz. Ashok Hotel, Hotel Samrat and Hotel Janpath at New Delhi and Hotels at Mysore, Bhubaneswar, Patna, Jammu & Jaipur and six joint venture hotels, 3 DoT properties and one Airport Restaurant at IGI Airport, New Delhi managed by ITDC. During the year under review, the overall level of occupancy of Ashok Group of hotels increased from 44% to 47%. The turnover also increased to Rs 100.77 crores in 2003-2004 from Rs 91.48 crores in 2002-03.

Concentrated efforts were initiated to revive the post disinvestment scenario and improve the performance, especially of Hotel Ashok, New Delhi and LMPH, Mysore. Both these hotels have shown improved performance in terms of turnover as well as profitability.

The Ashok Group of hotels continue to play host to several prestigious national and international events and conventions like UNFCC (COP-8) Convention, Golden Jubilee Celebration of Indian Parliament, Ophthalmology Congress, Petrotech - 2003, World Bamboo Conference, World Buddhism Conclave, International Film Festival etc. With a view to popularize Indian cuisine, Ashok Group of Hotels participated in several food festivals abroad viz. Food Festival at Cyprus, Turkey and Russia. Regional food festivals as well as Cultural events of Dance & Music, Art & Cultural Shows etc were also organised in hotels in collaboration with concerned agencies.

ITDC is operating six joint ventures hotels at Ranchi, Guwahati, Itanagar, Pondicherry, Bhopal and Puri. Some of the joint ventures have started showing profits as a result of aggressive corporate monitoring.

Ashok International Trade

During the year 2003-2004, AIT Division adopted an approach towards improving the image of its duty free shops. It introduced the new look shops at Mumbai and Delhi which lent an international look and feel and improved the entire atmosphere of the duty free arcade. New Boutiques were introduced after the path-breaking move of setting up of the Perfume Boutiques at both the locations. A Cigar Boutique was launched at IGI Airport, New Delhi. Handicraft Shop was renovated and upgraded. The CCIE Shop was converted into a Handicraft Boutique called 'Galleria' in collaboration with the TRIBES and COHAND Divisions of the Ministry of Textile and Handicrafts.

With the imminent threat of private players coming as competitor in the duty free trade, efforts are made to introduce boutiques, new-look-shops, shops-in-shops, brand corners in order to enhance the attraction of the shops.

The Division has gone into an exercise of gauging the popularity and demand of various brands, rationalizing the approach towards purchase, adjusting price levels. AITD also, in tandem with various suppliers, introduced promotions, which tended to attract buyers through their attractive offers. Further, to increase the awareness among the travelling clientele, events such as Lucky Draws were organised in Delhi and Mumbai in which Ford Ikon and Harley Davidson Bikes were offered as prizes.

To further improve the functioning of duty free shops, computerisation of the Supply Chain Management System has been put in place at Headquarters and DFS, Delhi. Other computerisation programmes are expected to be completed by the end of the next year.

AITD is also set to launch a Web Page which would introduce E-mart to enable customers to buy products through Internet. It will help to provide more information about our shops and products available and also increase turnover. AITD has been able to achieve turnover of Rs 114.12 crores during 2003-2004 against Rs 94.61 crores in 2002-2003.

Ashok Travels & Tours

During the year, ATT Division strengthened its core activities and also undertook new activities. Appointment of Consolidators and purchase of new cars have helped in increasing the airline ticketing and transport hiring operations.

ATT handled international/domestic groups from NIEPA, ICCR, Department of Development of North-East, Institute of Applied Manpower Research and Ministry of External Affairs.

Amongst the other notable activities undertaken are arrangements made for catering 4000 delegates at Chandigarh and entire handling of "The Days of Russian Cultural Festival in India". Besides, event management services were provided for various events such as Russian Festival, 9th Indian Science Congress etc. To promote domestic tourism, various packages viz. North East Packages, Kurukshetra Tours, Cool Mountain Tours and Rail Package for Kerala were launched.

The turnover of the Division Increased from Rs 34.08 crores in 2002-2003 to Rs 39.82 crores in 2003-2004.

Ashok Creatives

After diversification of activities, the turnover of this Division during the year 2003-2004 has increased from Rs 4.02 crores to Rs 14.75 crores. Amongst noteworthy achievements have been mounting of SEL shows in record time at Kurukshetra and Somnath Temple. While SEL shows at Kumbalgarh Fort and Chittorgarh Fort are nearing completion, others at Haridwar, Hampi, Sarnath, Sabarmati, Udaigiri, Vivekanand Rock Memorial etc. are in the pipeline. The Division continues to produce various promotional print materials for DoT, State Governments and PSUs etc. It has also been associated with advertising campaign as part of the DoT's campaign for creating brand "Incredible India". The ITDC Stall put up at the ITTM-2003 at New Delhi has won the award for group participation.

The Division has successfully completed production of North-East CD Body, Mind & Soul CD and Himalayan CD. Trial runs have started for the newly opened restaurant 'Dawat Khana' at Red Fort, Delhi. The Division also developed Cultural-cum-Information Centre at Qila Rai Pithoragarh, New Delhi and Taj Mahal, Agra. The illumination of Qutab Minar, Delhi has also been taken up.

Ashok Reservation & Marketing Services

The major thrust of the Division is on Event Management. Major Conferences handled during the year include Pravasi Bharatiya Diwas, Dialogue among Civilisation, Climate Technology Bazar, Education for all and International Conclave on Buddhism and Spiritual Tourism. Other events handled during the year include Silk Air charter and other tourist groups on the Buddhist Sector. This Division has also designed and set up a booth for NHAI in the Uttaranchal International Trade Fair at Dehradun.

The Division continued to market the Handy Audio Reach Kit (HARK) solution of NIIT to various State Governments. The Division undertook projects at Mahabodhi Temple Complex (Bodhgaya) and Channakeshava Temple (Belur).

The Division participated in NATAS Travel Fair and Relics of Buddha Exhibition at Singapore. To ensure direct interaction with Tour Operators and Travel Agents, the Division also participated in TAAI Convention at Malaysia and IATO Convention at Hyderabad. These participations facilitated to have interaction with people from all over India and abroad.

Engineering Consultancy Projects

With the encouraging responses received from various State Governments, the Company has been able to get several tourism development projects for execution. The Government of Jharkhand has associated with ITDC for development of tourism destinations, circuit tourism, rural tourism, Aero Sports Event at Ranchi and development of Parasnath, Madhuban, Dimna and Urwan. Other major projects include the works at Rai Quila Pithora and development of tourism master plan for Patal Bhubaneswar awarded by the Archaeological Survey of India, deposit work for IITM, Gwalior, preparation of Feasibility Reports for (i) Bhimbandh Munger and Valmiki Nagar for the Department of Tourism, Bihar and (ii) Heritage Village for the Department of Tourism, Government of Punjab.

The Ministry of Tourism have also allotted some more works at Pushkar, Somnath, Kanya Kumari, Arunachal Pradesh, Delhi and Jharkhand. Steps have been initiated to mobilize the work at site and at some locations the works have already started whereas some works assigned by ASI at Nizamuddin and at Red Fort, Delhi were completed. Further, consultancy works assigned by Government of Meghalaya, Government of Punjab, Government of Uttaranchal, Government of Bihar and Government of Jharkhand have also been completed.

In total, projects worth Rs 90.00 crores have been assigned to this Division.

Plan Schemes

The Annual Plan for 2003-04 envisaged an outlay of Rs 4.50 crores. The emphasis in the plan was on renovation/upgradation of existing hotels/units, up-keep of Duty Free Shops, undertaking joint venture projects in collaboration with State Governments, playing pioneer/developmental role and venturing into new business activities. But due to fund constraints, the plan expenditure during 2003-04 was only Rs 1.64 crores against the plan outlay of Rs 4.50 crores.

The Annual Capital Plan for the year 2004-05 has been formulated, envisaging an outlay of Rs 4.00 crores. The emphasis in the plan has been on renovation of existing hotels and Duty Free Shops, purchase of vehicles, training aids and computer hardware/software and venturing into new business activities.

Subsidiary Companies

The Annual Accounts for 2003-04 in respect of the seven subsidiary Companies viz. (i) Ranchi Ashok Bihar Hotel Corporation Ltd; (ii) Utkal Ashok Hotel Corporation Ltd; (iii) Donyl Polo Ashok Hotel Corporation Ltd; (iv) Assam Ashok Hotel Corporation Ltd; (v) MP Ashok Hotel Corporation Ltd; (vi) Pondicherry Ashok Hotel Corporation Ltd. and (vii) Punjab Ashok Hotel Company Ltd. are under finalisation/audit. The Department of Company Affairs have granted exemption under Section 212(8) of the Companies Act, 1956 from annexing the annual accounts of the subsidiary companies. The audited accounts of the Subsidiary Companies for the year 2003-04 will be circulated as soon as these are available.

Ashok Institute of Hospitality & Tourism Management

The Ashok Institute of Hospitality & Tourism Management (AIH&TM) is playing a pivotal role in the overall development of its precious resource – manpower. AIH&TM, as a separate Strategic Business Unit (SBU), caters to the educational needs in the areas of tourism and hospitality. The ISO 9001-2000 certification is an ample testimony of the efforts to maintaining leadership in training and hospitality related services which has been backed by highly qualified team of professionals with excellent training facilities.

On its initiative, AIH&TM has conducted 18 months craft/certificate courses in the field of culinary art. During the year 2003-2004, 16 training programmes were conducted covering 358 employees. Besides, 11 programmes were conducted for outside agencies covering 239 participants. 32 employees were nominated for professional courses in India conducted by reputed organisations. Besides, 35 Management Trainees and 154 Apprentices were also undergoing training.

Under an MOU signed with Kurukshetra University, Haryana, 63 students are enrolled in recently started 4-Year Bachelors Degree Programme in "International Hospitality Business Management Course". As per the existing arrangement made with Air Hostess Academy (AHA), every month, students are being given practical inputs in the areas of hospitality operations. Further, as part of collaboration with AMITY, Post-Graduate Diploma Courses are offered in Hospitality & Tourism Management.

AIH&TM conducted 'Capacity Building Training Programmes' for the Immigration officials/pre-paid taxi drivers/Delhi Traffic Police at IGI Airport on behalf of Ministry of Tourism. It also proposes to undertake training of the staff working in the President House, New Delhi.

The Institute plans to undertake construction of a new building for the students who intend to undergo BIHBM Course. It is also planned to start MBA In Hospitality in association with Oxford Business College, UK and Diploma in Travel & Tourism Management in association with World Tourism Organisation.

The Manpower Development Centre handled the annual Sindhu Darshan Festival at Leh and commissioning of "India Pavilion" at World Travel Mart 2003 at London and ITB Berlin 2004.

The Institute earned a net profit of Rs 8.76 lakhs during the year 2003-2004 against net loss of Rs 6.21 lakhs in 2002-2003.

Human Resource Management

With a view to rationalising manpower, VRS was introduced and as a result, 274 employees opted for VRS. The total number of employees in the Corporation decreased from 3498 as on 31st March 2003 to 3125 as on 31st March 2004. Of these, 903 employees belong to Scheduled Castes (SC), 66 Employees belong to Scheduled Tribes (ST) and 95 employees to other Backward Classes (OBC). No recruitment took place during the year 2003-2004. 20 employees were promoted during the year, out of which 2 employees belong to SC and one to OBC. Further, there are 367 women employees working in ITDC as on 31st March 2004 constituting 11.74% of the total workforce of the Corporation. Of these, 52 are at executive level and 315 at non-executive level.

Industrial Relations

The overall industrial relations situation in the Company continued to be cordial and good. There was no loss of man-days during the year.

Particulars of Employees

There was no employee who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.