

40 वीं वार्षिक रिपोर्ट
40th ANNUAL REPORT
2004-2005



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 - 2004-2005**

To

The Members,

Your Directors have pleasure in presenting the Fortieth Annual Report of the Company together with the audited accounts for the year ended 31st March 2005.

Financial Performance

2 The key figures relating to financial performance of the Company for the year 2004-2005 are given below:

(Rupees in crores)

Particulars	2004-2005	2003-2004
Turnover	363.49	289.95
Operating Profit/(Loss)	37.87	5.13
Less: Interest	2.49	0.77
Less: Depreciation	3.28	3.60
Add/(Less): Prior period adjustments and extraordinary items	(-) 0.94	2.10
Profit/(Loss) before Tax	31.16	2.86
Add/Less: Deferred Tax	(-) 12.08	(-) 1.51
Less: Provision for Income Tax	2.45	0.16
Less: Provision for Wealth Tax	-	-
Add : Provision for Income Tax for earlier year written back	0.06	-
Profit/(Loss) after Tax	16.69	1.19
Proposed Dividend	-	-
Equity Capital	67.52	67.52
Capital Employed	132.37	106.23

3 The strategic initiatives taken by your Company in the post-disinvestment scenario have started showing positive results; the turnover during the year has increased to Rs. 363.49 crores as compared to Rs. 289.95 crores in 2003-04 showing 25.4% increase. The net profit (before tax) for 2004-05 has also shown significant increase from Rs. 2.86 crores to Rs. 31.16 crores. Your Company is striving to achieve high levels of performance, profitability including consolidation of its services to secure a sustained growth in the years to come.

Share Capital

4 The Company's paid up share capital as on 31st March 2005 has remained at the previous year's level of Rs 67.52 crores.

Dividend

5 Keeping in view the resources requirement for the new initiatives/expansion programmes proposed to be undertaken during 2005-06, the Board has decided not to recommend dividend for the financial year ended 31st March 2005.

Memorandum of Understanding

6 The Department of Public Enterprises have confirmed award of "Very Good" rating to your Company for the financial year 2003-04. The performance for 2004-05 on the basis of provisional data has also been rated as "Very Good".

7 The MOU signed with the Ministry of Tourism for the financial year 2005-06 has enhanced targets on operational, financial and efficiency parameters besides customer satisfaction, quality, human resource development, ARR, occupancy level, leasing of properties etc.

Corporate Governance

8 The report on Corporate Governance as required under 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 **Annexures I & II**. Management's reply to the observations of the Auditors are given in **Annexure III**. The Management Discussion and Analysis on Performance of the Corporation is placed at **Annexure IV** and also forms part of this report.

Public-private partnership

9 The process of disinvestment of ITDC hotels was not pursued by the Government of India during the financial year ended 31st March 2005. The Company is considering various

options for public-private partnership by way of leasing out some of the loss making hotel properties on long-term lease-cum-management contract basis.

Ashok Group of Hotels

10 The flag-ship, the Ashok Hotel, has been re-branded as "The Ashok" to project its modern competitive services with traditional grandeur through efficient services. The erstwhile speciality restaurant 'Frontier' has recently been revamped and re-launched into a new fine dining Avtaar so as to place in competition with other renowned restaurants in the city. Various non-revenue generating areas in the hotel have also been utilized by licensing them to private parties. Comprehensive renovation/ upgradation of the hotel is also proposed to be undertaken.

11 The Ashok Group of Hotels with 8 owned hotels and 6 hotels in the Joint Venture continued to play host to several prestigious International and national level conventions and events, which included Asia Pacific Annual Seminar on Liver, IFTDO World Conference, SAARC Conference, IPCC Conference, INTACH Conference, International Cardiology Conference, World Food Programme, International Motorola Meet, DERMACON Conference, World Half Marathon, Indian Heritage Festival, Anesthesiology Conference, Petrotech 2005, UNAIDS International Conference, National Tourism Award Function etc.

12 During the year under review, overall level of occupancy of Ashok Group of hotels increased from 47% to 58%. The turnover also increased to Rs 120.90 crores in 2004-05 from Rs 100.77 crores in 2003-04.

Ashok International Trade

13 The year 2004-05 was a landmark year for the Division. The Division recorded highest ever sales of Rs.148.14 crores (previous year Rs. 113.06 crores) showing an increase of 31.02% and the net profit grew by 128% to Rs 13.13 crores. The Duty Free Shops at Delhi & Mumbai created new record of highest daily sales of Rs.26.70 lakhs on 6th November 2004 and Rs. 2.95 lakhs on 12th October 2004 respectively.

14 During the year, the shops were continuously refurbished and upgraded for better look, new lighting arrangements were made for better illumination and products were rearranged for better visual display. Indian section was strengthened by adding more products such as herbal perfume, tea, hand paintings etc. Mega promotions were offered to travelers, which gave an

impetus to increase the volume of sales. TV ads and mailers were also means of publicising the duty free merchandising. With the permission granted by the Ministry of Finance to allow outbound Indian passengers to buy goods in Indian Currency is also likely to boost sales.

15 Great opportunity lies for the Division in times ahead. Tourist inflow is growing at a rate of more than 25%; increasing mobility and purchasing power of Indian middle class will boost the sales and profit. With the rich experience and knowledge in products and being a part of the Government enterprise, the Division enjoys the trust, fairplay, dependability and reliability among suppliers and other stakeholders.

Ashok Travels & Tours

16 The Ashok Travels & Tours (ATT) continued to provide Air ticketing, transport services, tour package operation and Full-fledge Money Changing (FFMC) facility. During the year, ATT handled India Heritage Festival 2004 and Aero-India 2005 Show at Bangalore. The Division plans to redefine itself as a complete travel agent and a predominant tour operator. As a sequel to these initiatives, it is proposed to open ten "in-plant" offices in different commercial offices, apart from opening its own offices across the length and breadth of the country. New offices are also proposed to be opened in other major tourist potential circuits such as Chandigarh, Vishakapatnam, Bhopal etc. Plans are being worked out to purchase of cars, coaches for commercial use through bank finance.

17 The turnover of the Division increased from Rs 40.18 crores in 2003-04 to Rs 45.58 crores in 2004-05.

Ashok Creatives

18 Ashok Creatives, as a specialized communication agency has been providing promotional and advertising services to its various clients. It also handles mounting of sound & light shows, advertising campaigns and undertakes designing, print and production jobs.

19 Mounting of Sound & Light Show at Chittorgarh Fort has been completed. The other SEL shows in hand are at different stages of progress at Kumbalgarh, Haridwar, Hampi, Sabarmati, Udaigiri, Vivekanand Rock Memorial, Chandigarh etc. The Division has also developed and Interpretation Center and Interactive Multimedia Centre at Qila Rai Pithora, Delhi and permanent Exhibition on World Heritage Site at Taj Mahal Agra. The Illumination of Qutab Minar has also

been completed. Ashok Creatives has been operating Dawaat Khana-cum-Souvenir Shop within the Red Fort Complex, Delhi offering a range of old delicacies and variety of souvenirs for tourists.

20 It also organized a "Night Bazaar" at Ashok Hotel, New Delhi. The Bazaar offered a unique opportunity to professional designers to exhibit their artifacts.

21 The division continues to produce various tourism promotion print material for the Ministry of Tourism, State Governments, PSUs etc. Prestigious brochures, posters and interactive CDs were developed for the promotion of tourism to SASEC (Bangladesh, Bhutan, India and Nepal). Ashok Creatives has also handled the International Print and Electronic Media Campaign for the Ministry of Tourism for re-enforcing the brand "Incredible India" in the overseas market.

22 The turnover of AC Division has increased from Rs. 14.75 crores to Rs 18.24 crores during 2004-05.

Ashok Consultancy & Engineering Services

23 As a facilitator in the infrastructure development projects, the Ashok Consultancy & Engineering Division offers its services and there has been good response from various State Governments for availing ITDC's consultancy services for preparation of detailed project reports, feasibility report, master plans etc for their tourism infrastructure projects. The North-Eastern States, in particular, have been patronizing ITDC as their Prime Tourism Consultants. These states include Nagaland, Mizoram, Arunachal Pradesh, Assam, Meghalaya etc. ITDC also added J&K, Chattisgarh, Uttar Pradesh and Andhra Pradesh besides other states in its clients list during the year.

24 During the year, the Division has secured some more works in Mizoram, Arunachal Pradesh, Jharkhand, Bihar, Meghalaya and Punjab for execution on behalf of the concerned State Governments.

Ashok Reservation & Marketing Services

25 Ashok Reservation & Marketing Services (ARMS) has diversified into Event Management and presently specializes in Conference Management as commercial activity. Major conferences handled during the year include Pravasi Bharatiya Diwas, Petrotech 2005, World Tourism Day,

International AIBD Conference, IPCC Conference, 150th Years Celebrations of Department of Post etc.

26 Under an MOU signed with NIIT, the Division also markets the Handy Audio Reach Kit (HARK) System developed by NIIT. The system has so far been installed at Mahabodhi Temple, Bodhgaya, Sri Channekeshwar Temple, Belur and Islamnager Monument, Bhopal. It is providing its services to most of the Ministries and other organizations of the civil society.

Plan Schemes

27 The Annual Plan for 2004-05 envisaged an outlay of Rs 4.00 crores. The emphasis in the plan was on renovation of existing hotels and Duty Free Shops, purchase of vehicles, training aids, computer hardware/software and venturing into new business activities. However, due to fund constraints, the plan expenditure was only Rs 1.49 crores.

28 The Annual Capital Plan for the year 2005-06 was formulated, envisaging an outlay of Rs 4.50 crores. However, proposal for comprehensive renovation of Ashok Hotel is being submitted to the Govt. for providing budgetary support. The emphasis in the plan continues to be on renovation/improvement of existing hotels and Duty Free Shops, strengthening of transport fleet, addition of one floor in the building under AIH&TM, expansion of training kitchen and procurement of training aids by AIH&TM, venturing into new business activities, procurement of computer hardware and software for the corporation and equipments and furniture for Dawat Khana.

Subsidiary Companies

29 The Ministry of Company Affairs vide their approval No. 47/257/2005-CL III dated 9th September 2005 have exempted the Company from attaching the annual accounts for 2004-05 of (i) Ranchi Ashok Bihar Hotel Corporation Ltd; (ii) Utkal Ashok Hotel Corporation Ltd; (iii) Donyi 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. with its own Annual Accounts for the same period in terms of Section 212(8) of the Companies Act, 1956. The Annual Accounts of the subsidiary companies for the year 2004-05 would be circulated to the shareholders as and when these are available.

Ashok Institute of Hospitality & Tourism Management

30 Ashok Institute of Hospitality & Tourism Management (AIH&TM) an ISO 9001-2000 accredited establishment, has been providing training facilities for human resource development in the Hospitality and Tourism Sector. Training Programmes are designed and conducted as per international standards so as to update knowledge, skills and self-development of students to enable them to compete internationally.

31 AIH&TM has been conducting training programmes on Tourism and Hospitality Management. Plans are afoot to expand its activities, if necessary, through franchise to ensure appropriate geographical spread. During the year 2004-2005, 13 training programmes were conducted for outside agencies, covering 989 employees. In addition, 11 employees were nominated for professional courses in India conducted by reputed organizations.

32 As part of the ongoing activities, 33 Management Trainees, 175 Apprentices in different trades, about 100 industrial trainees, 104 Craft Course Trainees in Culinary Skills are undergoing training. AIH&TM has also undertaken this year 'Capacity Building' Training Programmes for 230 Immigration officials, 400 pre-paid taxi drivers and 200 traffic police posted at IGIA on behalf of Ministry of Tourism, Govt of India.

Human Resource Management

33 The total number of employees decreased from 3125 as on 31st March 2004 to 2962 as on 31st March 2005. Of these, 843 employees belong to Scheduled Castes (SC), 63 Employees belong to Scheduled Tribes (ST) and 95 employees to Other Backward Classes (OBC). No recruitment took place during the year 2004-2005. 209 employees were promoted during the year, out of which 54 employees belong to SC and two each to ST and OBC. Further, there are 352 women employees constituting 11.88% of the total workforce of the Corporation. Of these, 51 are at executive level and 301 at non-executive level.

34 The management has taken various steps to remove the feeling of uncertainty created by disinvestment process from the minds of employees – such as Training programmes on "Attitudinal Change" and "Behavioural Change", Multi-skill Training, introducing Reward and Recognition Schemes, giving promotions and restoring welfare incentives.

Industrial Relations

35 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

36 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.

Implementation of Official Language Policy

37 During the year, your Company continued its efforts to promote the use of Hindi in official work of the Corporation. The thrust was on motivating and training the employees to use Hindi in day-to-day work. The efforts made in this regard include (i) nominating the employees for training in Hindi typing/stenography; (ii) organising Hindi competitions and quiz programmes during Hindi month celebrations; (iii) organising Hindi workshops for imparting training in noting and drafting in Hindi; and (iv) granting cash incentives for doing prescribed quantum of work in Hindi.

Conservation of Energy & Technology Absorption

38 Efforts continued to be made for reducing the consumption of LPG, LDO & HSD and Electricity. Use of CNG in kitchens at Ashok and Samrat Hotels will soon become operational.

39 Since your Company's operations do not involve technology absorption, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding technology absorption, are not applicable.

Foreign Exchange Earnings & Outgo

40 The direct foreign exchange earnings during 2004-2005 were Rs 156.59 crores as against Rs 121.65 crores in the previous year. The outgo of foreign exchange during the year was Rs 70.79 crores as against Rs 61.25 crores in 2003-2004.