

INDIA TOURISM DEVELOPMENT CORPORATION LTD

43<sup>rd</sup> Annual Report

for the year

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2007-08

**INDIA TOURISM DEVELOPMENT CORPORATION LTD**

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**INDIA TOURISM DEVELOPMENT CORPORATION LTD**

Registered Office: SCOPE Complex, Core-8 (6<sup>th</sup> Floor)  
Lodhi Road, New Delhi – 110 003

**NOTICE**

Notice is hereby given that 43<sup>rd</sup> Annual General Meeting of India Tourism Development Corporation Ltd will be held on Friday, the 6<sup>th</sup> March, 2009 at 1600 hours in Ashok Hotel, New Delhi 110021 to transact the following business:-


**ORDINARY BUSINESS:**

- (1) To receive, consider, and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2008 and Profit and Loss Account for the year ended on that date together with the Report of the Auditors and the Directors' Report.
- (2) To declare dividend
- (3) To appoint a Director in place of Shri Jyotindra Jain, Director who retires by rotation under Article 61 of the Articles of Association of the Company and being eligible offers himself for re-appointment.
- (4) To appoint a Director in place of Shri Ashok Pahwa, Director who retires by rotation under Article 61 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

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By Order of the Board of Directors

Place: New Delhi  
Dated: 10.02.2009

  
(V.K. Jain)  
Company Secretary

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. Proxies, in order to be effective must be lodged at the registered office of the Company not less than 48 hours before the Meeting. Proxy form is enclosed.
2. The Members/Proxies should bring the Attendance Slip, duly filled in and signed, for attending the Meeting.
3. Pursuant to Section 154 of the Companies Act 1956, the Register of Members and Share Transfer Books of the Company will remain closed from the 4<sup>th</sup> March, 2009 to 6<sup>th</sup> March, 2009 (both days inclusive).

**To**

- (i) All Members of India Tourism Development Corporation Ltd.
- (ii) M/s Khanna & Annadhanam, Chartered Accountants, 706, Akash Deep, 26-A, Barakhamba Road, New Delhi
- (iii) All Stock Exchanges

copy to: 1. The President of India through the Secretary(Tourism)  
2. Shri Parvez Dewan, Chairman & MD, ITDC  
3. All Members of ITDC Board  
4. Shri P.P. Singh, Director (Finance), ITDC  
5. Shri B.B.Roy, Under Secretary, DoT

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INDIA TOURISM DEVELOPMENT CORPORATION LTDDirectors' Report  
2007-2008

Dear Shareholders,

Your Directors have pleasure in presenting the 43<sup>rd</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2008.

Your Company has registered a turnover of Rs 470.27 crore as against Rs.564.11 crore in the previous fiscal year. The decline in turnover is mainly attributable to the closure of Duty Free Shops except in Goa Airport as of now. The profit (before tax) of your company has marginally increased to Rs.69.41 crore as against Rs.68.77 crore in the previous year thereby exhibiting consistent growth for the fifth year in succession.

Performance Highlights

The comparative position of the corporate profitability at a glance is tabulated below: -

Particulars	<u>(Rupees in crore)</u>	
	<u>2007-08</u>	<u>2006-07</u>
Turnover	470.27	564.11
Operating Profit	77.45	74.33
Less: Interest	0.02	0.01
Less: Depreciation	4.54	4.27
Add/(Less): Prior period adjustments and extra-ordinary items	(-) 3.48	(-) 1.28
Profit before Tax	69.41	68.77
Add/(Less): Deferred Tax	3.82	2.89
Less: Provision for Income Tax	28.50	26.50
Less: Provision for Fringe Benefit Tax	0.50	0.42
Add/(Less): Provision for Income Tax for earlier year written back	(-) 0.15	0.82
Profit after Tax	44.08	45.56
Proposed Dividend	13.50	13.50
Dividend Tax	2.30	2.30
Equity Capital	67.52	67.52
Capital Employed	285.41	188.13

**CAPITAL STRUCTURE**

As on 31<sup>st</sup> March 2008, the paid up share Capital of the Company remained unchanged as in the last year i.e. Rs. 67.52 crores.

Further, Govt. of India released Rs.73 crore in December 2007 in the form of equity support to the Company. The same is lying as share application money pending completion of the required formalities and allotment of shares.

**Dividend**

Keeping in view the guidelines of the Ministry of Finance, Government of India for declaration of dividend by profit making PSUs and considering profit after tax of Rs 44.08 crore, Your Board of Directors are pleased to propose dividend of 20% Paid-up equity capital for the year 2007-08. The total liability for Dividend (Rs 13.50 crore) and Dividend Tax (Rs 2.30 crore) will be Rs 15.80 crore.

**Rating of ITDC vis-à-vis MOU targets**

Performance of the Company for the year 2006-07 has been rated as 'Very Good' in terms of the MOU signed with the Government of India. The Self Performance Evaluation Report for 2007-08 on the basis of audited data has been sent to DPE and the rating is awaited.

**Management Discussion and Analysis**

A report on the Management Discussion and Analysis is placed at **Annexure-I**.

## **HOTEL'S DIVISION**

The services sector growth has continued to be broad based resulting into more competition in the hospitality segment, which is of course welcome, as it drives us to be more creative and to meet the changing needs of the discerning travelers. Continuing with the ongoing upgradation programme, the hotels are investing in the renovation and makeover. Parallely, the hotel teams have been relentlessly pursuing the major strategic operational points to put the best foot forward. The commitment is to enhance the guest experience by improving the product and service levels so as to be among the best in the class.

Post enhancement of brand value as The Ashok, the flagship hotel of ITDC aggressively marketed into the newer segments to improve the market share. Similarly Hotel Samrat and Hotel Janpath improved their room product to have image makeover. Some of the initiatives taken in the Delhi hotels are ;

- ❑ Hard Wood flooring in guest rooms have been introduced
- ❑ Plasma TVs & LCD TVs have been introduced in the rooms alongwith Desktop computers in certain suites
- ❑ Wi-fi Broadband Internet connectivity all over the hotel campus
- ❑ Facility of Lap-top, Mobile, SIM card on rent
- ❑ Electronic locks with energy savers, Electronic Safes, Mini refrigerators and 10-12" Spring Mattresses have been procured for all the guest rooms
- ❑ New guest supplies – toiletries, bath wares, weighing scales and branded internationally acclaimed CP fittings and sanitary wares have been introduced
- ❑ In our luxury hotels we have replaced blanket with Duvets and have also introduced Pillow Menu
- ❑ Recently Putting Greens have also been created in Hotel Ashok and Janpath for the residents.
- ❑ Distinct pathological/lab tests are being offered to all guests as an initiative towards medical tourism

In terms of hotel specifics;

- The existing Executive floor at The Ashok has been upgraded.
- An additional business floor has been introduced as *Club Four* at The Ashok.
- Hotel Samrat have renovated good number of guest rooms
- Hotel Janpath, too, started with the process of product improvement and have already renovated and created 75 superior rooms with additional facilities/amenities.
- Retaining its popularity and market share, the relaunched food and beverage outlets in Ashok - *Frontier, Ssteel F-Bar & Lounge, Orange Room Capitol*, are the talk of the town. Mismo-the Mexican cuisine restaurant opened at Hotel Janpath is also being appreciated by the connoisseurs.

Hotel outside Delhi comprises of Five ITDC owned hotels at Mysore, Patna, Jammu, Bhubaneshwar and Jaipur, two DoT properties and a restaurant at Agra.

Major renovation at Hotel Jaipur Ashok, Hotel Jammu Ashok and renovation of Hotel Patliputra Ashok is in progress. Some of the strategic initiative for improved performance of Hotels outside Delhi are:-

- Renovation/Refurbishment of product and services.
- Training of staff of hotels including Joint Venture Hotels through AIHT&M
- Upgrading of product by adding new facilities like destination spas.
- New banquet hall is being added at Patliputra Ashok.
- New Convention Centre is planned at Brahmaputra Ashok.
- Leasing of Hotel Nilachal Ashok, Puri on long term basis.
- Targeting new business segments.
- Constant monitoring of performance of the units coupled with effective coordination.
- Emphasizing on customer – centric approach.
  - Improving brand image through better services, standardization, marketing and targeting potential segments.



The Ashok Group of Hotels continued to play host and is always on lookout to host several prestigious international and national level conventions / events.

- ❑ 53<sup>rd</sup> Commonwealth Parliamentary Association Conference, World Ophthalmology Conference, NIFT Fashion Show, UNESCO Meet, SAFMA Conference, Micro Finance Conference, MMTC Gold Exhibition, Conference of Association for Simulation Know How, IASOG Medical Congress, Seminar of NRI Welfare Society, 2<sup>nd</sup> Asian Ministerial Disaster Meet, AICOG Conference, 13<sup>th</sup> International Conference on Cardiography.
- ❑ Ashok group also hosted the delegations from Russia, Srilanka, Mauritius, China, South Korea, Belarus, Italy, Hungary, America, etc.
- ❑ The Ashok Group also globally popularized the Indian cuisine by participating in the Food Festivals abroad.

The hotels continue to accord high priority to energy conservation and environmental issues. During the year the three hotels in Delhi have strived to pursue this with efficient engineering installation – both high end as well as low end. The hotels have significantly saved on the energy consumption by switching over to energy efficient lighting and locking systems. Increased employee awareness on energy conservation is also a focus area.

#### **ASHOK INTERNATIONAL TRADE DIVISION (AITD)**

The Ashok International Trade Division (AITD) continued its efforts to sustain its operations despite many odds thrown up by the vastly transformed business environment and greatly reduced scale of its operations, which has taken away the advantages which come from economies of scale. In Goa we have successfully dealt with stiff competition thrown up by the private operator. The Division concentrated on strengthening its core operations so as to maximise revenue, as well as to regain its pre-eminent position in the Travel Retail Trade in India. In the eyes of customer and business partners / suppliers, ITDC still enjoys the faith and trust, being a Public Sector entity with longest standing experience in Travel Retail Trade in India. It was a measure of standing enjoyed by ITDC that key suppliers continued to repose their faith in it even though the business volume stood reduced to a fraction of what it used to be until privatisation of Trade. The major Liquor suppliers such as Diageo, Pernod Ricard and Bacardi- Martini, and the Cigarette major Imperial Tobacco continued to offer us old favourable prices and other terms of purchase as well as to offer promotional support to help improve sales. The Division was for the first time able to order direct sea shipments from these houses thus lowering our input prices.

In the changed scenario the ITDC will need to re-invent itself to stay abreast of competition and retain its pre-eminence in Travel Retail Trade. To this end the AIT Division envisages to reposition itself as an operator who, while strengthening the core operations in standard

areas, will increasingly expand its merchandise content by inducting ethnic products such as Tea, Handicrafts, Traditional Jewellery and Diamonds, and other ethnic products which have vast and untapped potential. The travellers look to pick these as destination specialities. The AIT Division is on constant look out for such products. The indigenous suppliers have responded with keenness, which was demonstrated by the major Tea suppliers readily agreeing to sponsor promotions on sales of Tea which they had never done before. This gives us hope that in time we can do a lot in area of ethnic products. At the moment we are constrained by the limitation of space in Goa both in the sales operation area as well as the warehousing facility for storage of bonded goods. The warehousing space constraint was addressed to an extent by renting space in the private warehouse owned by Chowgule's.

There are plans on anvil to upgrade the Duty Free Shop at Goa which has become necessary in order for us to keep abreast of competition. This renovation would allow us to optimise our operational efficiency within the given limited space aside from giving it a fresh look.

In addition to strengthening the operations in its core area of competence the Division continues to look at diversification as means to sustain itself. The setting up of SEZ's offers new business possibilities. Other areas for possible diversification come from retail operations in land borders, seaports, and in-flight etc.

#### **FUTURE OUTLOOK OF AITD**

The division continues to hold an optimistic and confident outlook on future. This stems in large part from its inherent strengths in the areas of logistics, strong business relations forged with almost all major international suppliers of merchandise specific to travel retail, the long standing ability to successfully operate in the environment which is typical to India, and last, but not the least, the implicit faith that customers have traditionally placed in Public Sector run operations, particularly when it comes to quality assurance. These inherent strengths have been brought into sharp focus by recent showing of private operators at almost all the international airports who have failed to live upto their high standings and are said to be facing numerous problems with their operations apparently because of their lack of appreciation of local business environment. This also puts in perspective the position of ITDC.

The aforesaid gives ITDC confidence to believe in its own abilities and make bids in the upcoming tendering process for a large number of airports. A bid has already been made for Coimbatore after carefully weighing its inherent strengths. The Division has all the reasons to believe that given these factors it can hope to regain in large part its rightful place in the Travel Retail Trade in India.

Since the airport retail business is going to be increasingly intertwined with other activities in the areas of food and beverages the Division in times to come can well offer a complete package of activities in collaboration with other divisions.

The Division is also simultaneously engaged in dealing with long standing Customs related issues at various locations. Given the goodwill that ITDC enjoys with authorities of the land we are expecting positive outcome in most of these matters. However, these are very long drawn out processes and will keep us engaged for quite some time in future.