

## Contents

	Page No.
Notice	3
Directors' Report	5
Auditors' Report to the Members of India Tourism Development Corporation Ltd.	45
Accounts (Standalone) for the Year 2009-10	55
Cash Flow Statement	97
Auditors' Report to the Board of Directors of India Tourism Development Corporation Ltd. on the Consolidated Accounts for the year 2009-10	99
Consolidated Accounts for the Year 2009-10	104
Consolidated Cash Flow Statement	143
Comments of the Comptroller and Auditor General of India	145
Ten-Year Financial Statistics – 2001-10	146

## Board of Directors

(as on 7th December, 2010)

### Chairman & Managing Director

Dr. Lalit K. Panwar

### Directors

Shri E. K. Bharat Bhushan

Shri Anand Kumar

Shri Pradeep Kumar Agarwal [Director (Finance)]

### Company Secretary

Shri V.K. Jain

### Registered Office

Scope Complex

Core 8, 6th Floor

7 Lodi Road

New Delhi-110003

### Statutory Auditors

Grover, Lalla & Mehta

Chartered Accountants

New Delhi-110017

### Branch Auditors

M/s A.R. Joshi & Co.

M/s H. Gambhir & Co.

M/s Dhoot & Associates

M/s Thirlochan & Co.

M/s Pardeep Tayal & Co.

M/s Laxmi Agrawal Bose & Co.

M/s L. N. Chaudhary & Co.

M/s Sood Brij & Associates

M/s R.K. Kumar & Co.

M/s Dharamvir Chopra & Co.

M/s Purushottam Agrawal & Co.

M/s ASA & Associates

M/s S.B. Dandeker & Co.

M/s Sheth & Co.

M/s Subrata Das & Co.

### Bankers

Bank of India

Canara Bank

Central Bank of India

Corporation Bank

Indian Bank

Indian Overseas Bank

Punjab National Bank

State Bank of India

State Bank of Hyderabad

State Bank of Patiala

Syndicate Bank

United Bank of India

Axis Bank

IDBI Bank

HDFC Bank

## NOTICE

Notice is hereby given that 45th Annual General Meeting of India Tourism Development Corporation Ltd. will be held on Thursday, the 30th December, 2010 at 1500 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 31st March, 2010 and Profit & Loss Account for the year ended on that date together with the Report of the Auditors, Comptroller and Auditor General and the Directors' Report thereon;
- (2) To appoint a Director in place of Shri Anand Kumar, Director who retires by rotation under Article 61 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

By Order of the Board of Directors

Place: New Delhi

Dated: 07.12.2010

(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 29th day of December, 2010 to 30th day of December, 2010 (both days inclusive).

### To

- (i) All Members of India Tourism Development Corporation Ltd.
- (ii) M/s Grover, Lalla & Mehta, Chartered Accountants, 90/20, Malviya Nagar, New Delhi - 110 017

(iii) All Stock Exchanges

#### Copy to

1. The President of India through Shri B. B. Roy, Under Secretary (Ministry of Tourism)
2. All Members of the ITDC Board.

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 45th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

Your Company has registered a turnover of ₹ 299.75 crore during the financial year 2009-10 as against ₹ 413.43 crore in the previous financial year 2008-09. The decline in turnover is mainly due to decline in turnover of some of the business segments like Ashok Creatives Division due to non-receipt of business from the Ministry of Tourism, ATT Division, Hotel Division due to non-availability of rooms due to renovation of hotel properties mainly in 'The Ashok', Engineering Division due to deployment of Engineering staff in the renovation of hotel properties. The turnover is also adversely impacted by the Global recession. During the current year 2009-10, the Corporation suffered the loss (before tax) of ₹ 20.51 crore as against profit before tax of ₹ 38.19 crore in the previous year 2008-09. The loss occurred mainly due to decline in turnover, increase in wage cost as a result of implementation of revision in pay scales of non-executive employees on IDA pattern w.e.f. 1.1.2007 and provision for arrears up to 31.3.2010 and liability for Property Tax to NDMC in respect of 3 Delhi based Hotels.

#### Performance Highlights

The highlights of the financial results of the Corporation (Stand Alone) are given below:

(₹ in crore)		
Particulars	2009-10	2008-09
Turnover	299.75	413.43

Operating Profit/(Loss)	(8.54)	42.93
Less: Interest	0.00	0.00
Less: Depreciation	4.12	4.28
Add/(Less) Prior period adjustments & extra ordinary items	(-)7.86	(-)0.46
(Loss)/Profit before Tax	(20.51)	38.19
Add/(less): Deferred Tax	13.09	3.12
Less: Provision for Income Tax	7.20	16.00
Less: Provision for Wealth Tax	0.01	0.00
Less: Provision for Fringe Benefit Tax	0.00	0.41
Add/(Less): Provision for Income Tax for earlier years written back	0.32	0.46
(Loss)/Profit after Tax	(14.31)	25.36
Add Currency Translation Reserve Written back	0.00	0.02
Amount available for appropriation	(14.31)	25.38
Proposed Dividend	0.00	8.58
Dividend Tax	0.00	1.44
Equity Capital	85.77	67.52
Capital Employed	231.14	291.74
Rate of Return on Capital :		
Before Tax	(-) 23.91%	56.56%
After Tax	(-) 16.68%	37.55%
Rate of Return on Capital Employed:		
Before Tax	(-) 8.87%	13.09%
After Tax	(-) 6.19%	8.69%

#### Division wise Financial Performance

- The turnover of Hotel Division during the year 2009-10 has decreased to ₹ 196.71 crore from ₹ 211.91 crore in the previous year 2008-09 mainly due to decrease in occupancy and non-availability of room due to renovation particularly at 'The Ashok' and as a result the division incurred

- the net loss of ₹ 31.55 crore as against the net profit of ₹ 12.94 crore in the previous year mainly due to increase in wage cost.
- ii. The turnover of AIT Division during the year 2009-10 has marginally increased to ₹ 5.58 crore from ₹ 5.56 crore in the previous year 2008-09. During the year 2009-10, the Duty Free Shops in operation are at Goa and Coimbatore. One Duty Free Shop at Coimbatore was opened in August 2009 during the current financial year 2009-10. Post financial year 2009-10, three shops i.e. one at Chennai Seaport (May 2010) and one at Kolkata Seaport (September 2010) and the one at Haldia Seaport (September 2010) were opened during the year 2010-11. The AIT Division has incurred net loss of ₹ 2.34 crore as compared to net loss of ₹ 1.88 crore in the previous year mainly due to increase in wage cost.
  - iii. The turnover of ATT Division including the ATSS (i.e. Ashok Tourist Service Station) during the year 2009-10 has decreased to ₹ 55.50 crore from ₹ 75.94 crore in the previous year 2008-09. The ATT Division has suffered a net loss of ₹ 2.43 crore as against the net loss of ₹ 2.31 crore in the previous year mainly because of increase in wage cost.
  - iv. The turnover of the Ashok Creatives Division during the year 2009-10 has been recorded at ₹ 3.01 crore (previous year ₹ 53.06 crore) and as a result the division has suffered a loss of ₹ 2.35 crore as against net profit of ₹ 0.92 crore mainly because of reduced turnover due to non-receipt of international and domestic campaign business from the Ministry of Tourism.
  - v. The Engineering Division has achieved a turnover of ₹ 3.91 crore during the year 2009-10 (previous year ₹ 17.31 crore) with net loss of ₹ 5.04 crore as against net loss of ₹ 3.94 crore in the previous financial year. The decline in turnover is due to deployment of engineering staff in the renovation of hotel properties particularly 'The Ashok'.
  - vi. The turnover of ARMS (Events Division) during the current financial year 2009-10 has decreased to ₹ 7.20 crore as compared to ₹ 11.88 crore in the previous year 2008-09 with net profit of ₹ 0.18 crore as against ₹ 0.91 crore in the previous year mainly because of reduced turnover due to austerity measures announced by the Govt. of India which adversely affected the turnover of the division.
  - vii. The Ashok Institute of Hospitality and Tourism Management (AIH&TM) during the current year 2009-10 has achieved turnover of ₹ 4.45 crore as against ₹ 5.42 crore in the Previous year 2008-09 with net profit of ₹ 0.24 (previous year net profit of ₹ 1.54 crore). The turnover is reduced due to reduced business due to non-commencement of training courses from the Ministry of DONER.
  - viii. The Sound & Light Shows have recorded a turnover of ₹ 0.73 crore (Previous year ₹ 0.52 crore) with net profit of ₹ 0.16 crore (previous year profit of ₹ 0.01 crore).
  - ix. The Corporate H.Q. being the administrative office during the current financial year 2009-10 has earned an income of ₹ 22.64 crore as compared to ₹ 31.83 crore in the previous year 2008-09 mainly consisting of income from Interest

on short term deposits with banks from the surplus funds available with it. The decline in income from interest is mainly due to the expenditure on renovation of hotel properties being carried out during the year 2009-10 and onwards.

#### Capital Structure

As on 31st March, 2010, the paid-up share Capital of the Company increased from ₹ 67.52 crore to ₹ 85.77 crore due to preferential allotment of 18250000 equity shares of ₹ 10/- each at a premium of ₹ 30/- per share on 14.09.2009.

#### Dividend

Since the Corporation has suffered the post tax loss of ₹ 14.31 crore during the year 2009-10, no dividend for the year is proposed to be recommended by the Board.

#### 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 the year 2007-08 and 2008-09 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**.

#### Plan Schemes

- i. The Revised Budget Estimate towards capital expenditure for 2009-10 was ₹ 97.45 crore which included ₹ 95.80 crore for renovation of hotel properties and remaining fund for ATT Division and other activities of the Corporation. The

Capital expenditure during 2009-10 was ₹ 16.30 crore out of which ₹ 11.17 crore was capitalized and ₹ 5.12 crore was charged to revenue. Besides this ₹ 40.45 crore relating to hotel units including ₹ 39.31 crore for 'The Ashok' has also been spent during the year on the incomplete works relating to renovation works of hotel properties.

- ii. The plan outlay for the year 2010-11 is ₹ 84.37 crore (including the major renovation work at Hotel properties for ₹ 79.17 crore) and ATT and Miscellaneous Schemes for ₹ 5.20 crore. The plan outlay for the year 2010-11 includes Plan outlay for The Ashok where major renovation were carried out amounting ₹ 34.30 crore approved by the Board in their meeting held on 28th day of January, 2010, was subsequently revised to ₹ 65.26 crore by the Board due to the termination of the contract and the work was further re-awarded.

#### Implementation of Official Language Policy

During the year 2009-10, the Company continued its efforts to give impetus to the use of Hindi in official work. To motivate employees for increasing use of Hindi in their official work, cash incentives were granted to them on doing prescribed quantum of work in Hindi. As part of Hindi Training Programme, employees were nominated for Hindi Typing/Stenography classes being conducted under the Hindi Teaching Scheme of the Government of India. Hindi Workshops were also organized to impart them training on noting-drafting and other works in Hindi. Various Hindi Competitions were also organized during Hindi Month celebrations for creating an environment conducive for promotion of Hindi.



## Particulars of Employees

None of the employees of the Company is drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## Conservation of Energy & Technology Absorption

The Hotels have been paying special attention to environmental issues. All the three hotels in Delhi have installed 'Rainwater Harvesting' as one major step towards recharging the ground water levels. Energy conservation has also been high on the agenda for which energy audit was got done by BEE certified body. The recommendations of the audit are currently at various stages of implementation in all the three hotels.

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

## Foreign Exchange Earnings and Outgo

- The Direct Foreign Exchange Earnings during the year 2009-10 has decreased to ₹ 15.09 crore as against ₹ 20.10 crore in the previous year 2008-09. The outgo of Foreign Exchange during the year was ₹ 9.54 crore as against ₹ 4.41 crore in 2008-09.
- During the year, 12 officials were sent on foreign tours at the cost of ₹ 17.99 lakh approximately in connection with promotion of the Company's business.

## Subsidiary Companies

The Corporation has seven subsidiary companies viz. (i) Donyi Polo Ashok Hotel Corporation Ltd. (ii) Assam Ashok Hotel Corporation Ltd. (iii) MP Ashok Hotel Corporation Ltd. (iv) Pondicherry Ashok Hotel Corporation Ltd. (v) Ranchi Ashok Bihar Hotel Corporation Ltd. (vi) Utkal Ashok Hotel Corporation Ltd. (vii) Punjab Ashok Hotel Company Ltd. The Hotel units are set up under the aforesaid subsidiary companies at Itanagar, Guwahati, Bhopal, Puducherry and Ranchi respectively. The operation of Hotel unit at Puri is closed since 2004 and the Hotel has been planned to be leased out and the Hotel project at Anandpur Sahib is incomplete. The Annual Accounts of all the subsidiary companies have been audited and finalized and the Consolidated Annual Accounts pursuant to Clause 32 of the Listing Agreement has been prepared and presented in this Annual Report.

## Exemption under Section 212(8) of the Companies Act, 1956

The Ministry of Corporate Affairs vide its letter No. 47/709/2010-CL-III has granted exemption under Section 212(8) of the Companies Act, 1956 from annexing the annual accounts and other information of the subsidiary companies along with the Accounts of the Company for the financial year ended 31.03.2010. In terms of the said exemption letter, a statement containing brief financial details of the Company's subsidiaries for the year ended 31st March, 2010 is enclosed as **Annexure-VI** of this report. The Annual Accounts of the subsidiary companies and the related detailed information are open for inspection by any shareholder including the shareholder of subsidiary companies at the registered office

of the company and the subsidiaries concerned during the working hours on all working days. The Company will make available these documents to the shareholders including shareholders of subsidiary companies upon receipt of request from them. The shareholders, if they desire, may write to the company to obtain a copy of financials of the subsidiary companies.

## Board of Directors

- During the year, nine Board meetings were held to transact the business of the Company.
- During the year under review Shri Sanjay Kothari, Additional Secretary (Tourism) (w.e.f. 1.12.2009) was appointed as C&MD pursuant to Article 61 of the Articles of Association of the Company. Further post financial year 2009-10, Dr. Lalit K. Panwar (w.e.f. 22.4.2010) as C&MD, Shri Anand Kumar (w.e.f. 7.7.2010) as Govt. Nominee and Shri P. K. Agarwal (w.e.f. 29.7.2010) as Director (Finance) joined the Board of Director.
- During the year under review, Shri Parvez Dewan (w.e.f. 1.12.2009) as C&MD, Shri P.P. Singh (w.e.f. 1.3.2010) as Director (Finance), Smt. Leena Nandan (w.e.f. 23.12.2009) as Govt. Nominee ceased to be on the Board of Directors of the Company. Further post financial year 2009-10 Shri Sanjay Kothari (w.e.f. 21.4.2010) as C&MD, Shri Rajiv Makin (w.e.f. 1.8.2010) as Director (C&M), Shri Ashok Pahwa (w.e.f. 17.4.2010) as Non-official Director, Shri Romesh Chopra (w.e.f. 17.4.2010) as Non-official Director, Shri Jose Dominic (w.e.f. 17.4.2010) as Non-official Director, Shri Zubin Karkaria (w.e.f. 19.7.2010) as Non-official Director

and Shri Jyotindra Jain (w.e.f. 19.7.2010) as Non-official Director ceased to be on the Board. The Board appreciates the valuable services rendered by them during their tenure on the Board of the Company. The present composition of the Board is as under

Dr. Lalit K. Panwar  
*Chairman & Managing Director*

Shri P. K. Agarwal  
*Director (Finance)*

Shri E.K. Bharat Bhushan  
*Non-executive Director & Part-time Government Director*

Shri Anand Kumar  
*Non-executive & Part-time Government Director*

- Pursuant to Article 61 of the Articles of Association of the Company, Shri Anand Kumar, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Shri Anand Kumar is an IAS and presently holding the post of Joint Secretary (Tourism) in the Ministry of Tourism. He has also served as Resident Commissioner, Government of Kerala. His educational qualification is M. Sc. , M.Phil. and MBA. He does not hold directorship in any other companies. In ITDC, he is the member of the Audit Committee.

## Corporate Governance

As per the requirement of Clause 49 of the Listing Agreement, a detailed report on Corporate Governance together with the following is given in **Annexure-II** which forms part of this Report:

- (i) CEO/CFO Certificate [as per Clause 49(v)] and
- (ii) Certificate from the Company's Auditors [as per Clause 49 (vii)].

As per the Certificate of the Company's Auditors on Corporate Governance as per clause 49 (vii) above, there is only one observation which is as under:

"As required by Para IV C of the Clause 49 of the Agreement, we are informed that the Corporation is in the process of preparing a Risk Management Policy."

In its reply, it may be submitted that the Risk Management Policy laying down a sound process for identification and mitigation of risks, as approved by the Board in its meeting held on the 11th May, 2010, has been circulated on the 23rd September, 2010 for implementation.

#### Corporate Social Responsibility (CSR)

CSR Policy of the Corporation has been devised with the objective of Capacity Building leading to employment generation in the Hospitality/Tourism sector, thereby building value for its stakeholders and customers. In the background of guidelines issued by DPE on CSR, the Board has given mandate to give vocational training to the students belonging to poor, including below poverty line, economically backward classes, SCs/STs to equip them to get some employment in the market and include it as an activity in MoU 2010-11.

#### Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:-

- that in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed read along with proper explanation relating to departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

#### Auditors and Auditor's Report

The Comptroller & Auditor General of India have appointed M/s Grover Lalla & Mehta, Chartered Accountants as Statutory Auditors of the Company and also various Branch Auditors for the year 2009-10 under Section 619(2) of the Companies Act, 1956. The Management's replies to the comments and observations of the Statutory Auditors on the accounts ( Standalone and the Consolidated) for the year 2009-10 are given in **Annexures III, IV & V.**

#### Comments of the Comptroller and Auditor General of India

The Comptroller and Auditor General of India conducted a supplementary audit of the financial statements of ITDC for the year ended 31st March, 2010 and have issued NIL Comments.

#### Acknowledgement

- i. The Board places on records its sincere appreciation towards the Company's customers/clients for the support and confidence reposed by them in the organisation and look forward to the continuance of this relationship in future.
- ii. The Board also gratefully acknowledges the support and guidance received from

various Ministries of the Government of India particularly the Ministry of Tourism, in Company's operations and developmental plans. The Board also wishes to record its deep gratitude to all the members of ITDC family whose enthusiasm, dedication and co-operation, put the Company on the path of progress.

For and on behalf of Board of Directors

(Dr. Lalit K. Panwar)  
Chairman and Managing Director  
Date: 7.12.2010  
Place: New Delhi

## Annexure-I

# Management Discussion and Analysis Report

## Global and Indian Scenario

- i. The GDP growth of 6.8% during the fiscal 2009-10 may allay to some extent the concerns of slowdown in demand and a resultant negative impact on the economy. However, the rising food prices and high level of general inflation continues to be a cause for concern and a subject matter of government and RBI's policies.
- ii. When economy expands globally, tourism as an industry develops as there is more money in the hands of people and they use it for travelling. India is proving to be one of the most robust markets for travels in the world. With a annual GDP growth of 8% plus a domestic movement of over 600 million, India is a dynamic market for travel and tourism. During the period 2002 to 2009, India witnessed an increase in the Foreign Tourist Arrivals (FTAs) from 2.38 million to 5.11 million. However, due to global slowdown, terrorist activities, H1N1 influenza pandemic, etc., growth rate in FTAs during 2009 fell by 3.3 per cent. The year witnessed a contraction in global tourism by 4.3 per cent; the deceleration in India was, therefore, less than that of the scale of global slowdown.

## Segment-wise Performance

### Hotel Division (Delhi Hotels)

- A. In view of the CWG 2010 event, lot of new capacity addition has been initiated

in the Hotel Industry which is likely to result into more competition in the hospitality segment in the coming years.

- B. 'The Ashok' was designated as the flagship Hotels of ITDC and Samrat and Janpath were designated as the Games Family Hotels for the Commonwealth Games (CWG) 2010. The Ashok and Samrat have been used as the officials hotels while Hotel Janpath has been used by the Press and Media. In view of CWG 2010, all the above said three hotels have spent major part of the year being under major renovation and product upgradation. The vision and the broad parameters that have been kept in mind while planning and executing the product upgradation was to use the top of the line products as well as brands. Even in opening of the new Food and Beverage outlets, the hotels have aligned with the best of the brands in the industry. The expected impact which is already being realized is that the products are seen in a new light. The target clientele has also accordingly upgraded as a part of our long term objectives.
- C. Some of the initiatives taken in Delhi Hotels are :
  - At The Ashok, the public areas including the lobby, Tea Lounge and the transition area to the Conventional Hall have been totally renovated. A new Wine lounge has also been created to cater to the niche clientele. Exclusive Italian marble 'Botticino Classico' has been used in the entire renovated public areas.

- Three floors of rooms, including the guest corridors have gone under complete renovation.
- The existing Executive Lounge at the 6th floor has been renovated and a new Lounge at 7th floor has also been launched.
- Hotel Janpath too, has renovated its lobby as well as the shopping arcade completely along with most of its rooms, while the remaining rooms had been renovated last year. The guest corridors have been covered with tinted glass and the same have been air-conditioned.
- Two guest floors of Hotel Samrat have also gone under complete renovation.
- In terms of Food and Beverage, the existing outlets, F-Bar, Capitol, Frontier, Mashrabiya, Sagar Ratna, The Chakras, Cibo and Mismo continued to retain their popularity. Durbar restaurant at The Ashok has been relaunched as 'Oudh' in its new avatar.
- Many new outlets have either been opened or are in the process amongst which the following appear prominently :
  - a) LAP - A high end club at Hotel 'Samrat' being run by the film star Arjun Rampal together with A D Singh of 'Olive' fame.

- b) China Garden - A very well known chain of Chinese restaurants from the much awarded Nelson Wang, has opened its outlet in 'The Ashok'
- c) Kumgang - A much awarded 'Korean' restaurant has been relaunched at The Ashok
- d) Swagath - Non-Vegetarian Coastal cuisine restaurant - A unique concept in itself has been launched at Hotel Janpath.

- D. Many new outlets are already in the pipeline and shall be launched soon, some of which are :

- a) International cuisine Resto-Bar at Hotel Samrat
- b) Fine Dining Pan Asian restaurant at Hotel Samrat
- c) Jain Vegetarian cuisine restaurant at The Ashok

### Hotels Division (Hotels outside Delhi)

- E. There are five ITDC owned Hotels located at Mysore, Patna, Jammu, Bhubaneswar and Jaipur, two DoT properties and one Restaurant at Agra. Recession coupled with high wage bill due to implementation of 6th Pay Commission's recommendation have severely affected the financial performance of the units outside Delhi.
- F. Measures such as renovation/ refurbishment of product and service are being



taken for improving the performance of the units. Major renovation of rooms at Hotel Jaipur Ashok was taken up. Extensive renovation of Hotel Jammu Ashok, Hotel Patliputra Ashok and Hotel Kalinga Ashok commenced and partially completed during the financial year. Renovation of 24 guest rooms and two heritage suite at LMPH, Mysore has also been planned.

#### G. SWOT Analysis (Hotels Division)

##### Strength

- The three Delhi based Hotels have most prime locations as compared to most of the competitors.
- Besides, Hotels, complementary businesses providing entire range of tourism experience in one bouquet such as Travels, Events, Sound & Light shows, Duty Free Trade at Airports and Seaports.
- The Ashok has the largest inventory of suites in Delhi. The Ashok has a large number of national and international cuisine restaurants and entertainment outlets under a single roof. The convention facilities at The Ashok and Hotel Samrat are among the largest i.e. from 2000-2500 persons, available among the five star deluxe hotels.
- ITDC has the exclusive task to cater to all the state guests including head of the states visiting the country at Hyderabad House, PM residence, Vigyan Bhawan. The Ashok plays a critical role

in providing the support to these VVIP venues.

- ITDC also represents India during all the Indian Food Festivals organized abroad by the respective Indian High Commission/Embassies.

##### Weakness

- Though highly skilled, the manpower is quite aged as compared to the counterparts in private hotels mainly on account of the HR policies and compulsions.
- ITDC neither have any set up of direct international marketing overseas nor any representatives/consolidators resulting into fewer bookings as compared to the competitors.
- More staff retiring with no recruitments happening, much of the staff is taken on short term contracts. These contractual staff may not be the similar skill level or even with commitment or motivation that is required in the industry to outshine the competition.

##### Opportunities

- Tourism scenario in India is improving significantly.
- After hosting the CWG 2010 event with grand success, ITDC has once again proved its capabilities in the market. The need from here is to capitalize.

- The presence of the top of the line F&B outlets in ITDC Hotels is making a statement about the company in the market. Through the amalgamation of these brands with ITDC as partners, the gains are likely to be mutual and large.

##### Threats

- Growing environmental concern by the governments and environmental organizations are resulting into high maintenance costs for hotels, thus becoming the deterrent in achieving higher profitability.
- The existing system of functioning in an industry which gives very little reaction time to meet guest/market demands, is a big deterrent in achieving efficiency.
- Presence of Govt. offices in hotels, on one hand, provide us with consistent, assured and good revenue while on the other hand, the image as 'hotels' is seriously dented by their presence.
- A large room inventory of rooms as a preparation towards CWG 2010 is likely to create an excess post-CWG 2010 which may again impact the business growth.

#### ii) Ashok Creatives Division

- The Ashok Creatives continued to play a key role in tourism promotion and developmental projects of the Ministry of Tourism as also for various clients.

Since the Division did not win any of the international and domestic campaigns of the Ministry of Tourism, during the year as partnering with an empanelment ad agency did not materialize, concentration has been given to execute creative jobs which is the Division's forte.

- Advertising assignments were taken up for various Govt. Agencies such as Directorate of Income Tax, Ministry of Tourism etc. Among the new projects, an exclusive Tourism promotion/Informative CD was prepared for West Bengal Tourism; a 10 minute exclusive overview film on the CWG 2010 Delhi for the Organizing Committee; a 30 second film on promotion of Rural Tourism for telecast on national and international electronic media networks and an 8 minute film produced for the Ministry of Women & Child Development.
- On the Design and Print production front, the Division designed and produced several jobs for various Govt. Departments. Besides exclusive menu cards (in various international languages) for The Ashok Group Restaurants at The Ashok, Hotel Samrat, Hotel Janpath, LMPH etc. have been prepared along with graphic items. In terms of thematic, textual and visual contents, the menus display the Division's exceptional creative inputs.
- The Ashok Creatives is pioneer in mounting of Sound & Light Shows (SEL) at different locations of the country. The shows at Sarnath (UP), Mehrauli (Delhi), Kanyakumari (Tamil Nadu), Talatal Ghar (Assam), Deoghar (Jharkhand), Hampi (Karnataka) and Ludhiana (Punjab) are at various stages



of development. The Show at Madurai has been commissioned and handed over to the Tamil Nadu Authorities for operation. The show at Kumbalgarh (Rajasthan) has also been commissioned and handed over to Rajasthan Tourism. The show at Jalianwala at Amritsar has been commissioned and is in operation. The show at Purana Quila and upgradation of SEL Show at Red Fort, Delhi as sanctioned by the Ministry of Tourism, are also at advanced stage of implementation. The shows at Ross Island and upgradation of SEL Show at Cellular Jail, Port Blair are sanctioned by Andaman & Nicobar Authorities.

- E. With a view to strengthen its commercial base, Ashok Creatives is putting in aggressive efforts for empanelment as a Government Advertising Agency with a similar mandate. To bring in new clients as well as to retain the existing clients, individual panels are being formed for various genres of creative work ranging from designers, text writers, website and portal developers, online applicators, 3 D Animation, walk through animation, OOH digital printers, typesetters, etc. with an objective of i) using their expertise for jobs received by Ashok Creatives and ii) partnering them wherever they can source business for Ashok Creatives to secure assignments in various Government organizations on the basis of public-private partnership as initiated in the recent past.

## F. SWOT Analysis

### Strength

- Multifarious activities consisting of design and print production, advertising services and business development, mounting and operation of Sound & Light Shows, production of films, TV commercials, etc.

### Weakness

- Manpower not exposed to the latest developments in their respective fields through workshops, seminars, etc. held in India and abroad.

### Opportunities

- Viewed in the large perspective of creative field, there are several avenues and opportunities for promotion of business if we are fully equipped with the latest facilities.

### Threats

- Present competition with Govt. Agencies like DAVP and NFDC who are releasing government advertisements at 85% and foregoing the standard 15% agency commission.

### iii) Ashok International Trade Division

- A. Through AIT Division, ITDC offers duty free shopping facilities to international travellers.

- B. With all the major airport retail operations in India having been bagged by major international player, ITDC is aiming for second rung airports many of which are now in line for getting international status. The Division has been successful in securing right to operate duty free shops in seaports of Chennai, Kolkata and Haldia. The Shop at Chennai Seaport has already started giving profits from a very early stage of its operations. Kolkata and Haldia when these get into full swing are also expected to do well. Two more shops at Vishakhapatnam and Kakinada are expected to go on stream in next 2-3 months. The division is now spreading its net wider for more such seaport shops. The ports of Mumbai and JNPT, Nhava Sheva are the next targets and the talks with these ports are progressing well. A positive outcome is expected from these ports.
- C. The advent of private duty free operators in India is set to change the ground rules of business in India compared to what these were when ITDC was the sole operator. The big volumes and fierce competition will come into play, and to stay in competition will need to raise its volume appreciably which can only be done by venturing into other allied areas.
- D. Through ITDC Aldeasa Pvt. Ltd. a joint venture company between ITDC and Aldeasa S.A., it is planned, to bid for Duty Free Shops at the upcoming International Airports.

## E. SWOT Analysis

### Strength

- AIT Division has the unique experience of running operations in multiple locations which comes from having operated duty free shops at all the international airports in India for more than forty years till these were taken over by private operators.
- In addition to traditional merchandise that is retailed through duty free shops, AIT Division has acquired a rich experience of sourcing indigenous merchandise such as tea, handicrafts, organic spices etc. which it can profitably exploit in times to come.

### Weakness

- Because of low volume of business, ITDC is losing its attractiveness as a viable Joint Venture business partner for prospective international operators whom we need to be able to bid for future airport concession rights and go to the next level.
- Because of limited space at Goa and Coimbatore airports, our efforts to upgrade shops have been thwarted by airport authorities.

## Opportunities

- There are big opportunities emerging in allied areas such as seaports, AIT Division is tapping the opportunities in a big way.
- Diversification into seaports offers best opportunity for redeeming AITD at the earliest.

## Threats

- As a shrinking entity, ITDC will not only not have economy of scale, it may also lose its leverage with business partners which enabled it to get good commercial terms and other forms of promotional support over the years to help sustain its business growth.
- Because of its reduced size, ITDC may no more remain a viable partner for a prospective international business partner in a future Travel Retail venture.

### iv) Ashok Travels and Tours Division

- Ashok Travels & Tours - an in house Travel agency of the India Tourism Development Corporation provides all travel related services like Air ticketing/ car rentals/ hotel bookings/ Package Tours etc. to various Ministries, Govt. Departments, Corporate and also to general public.
- Despite the major fall in tourist traffic in the year 2009-10 because of flu, economic melt down in the west and austerity measures introduced by the Govt. on the travel, ATT

Division is poised for the major growth this year and have taken new initiatives to reach the target of ₹ 100 crore in the next two years :

- On the way to launch the online Travel Portal - which is the need of the hour.
- Purchasing new fleet of 30 vehicles.
- Establishing the full fledged tour division - both Domestic and Inbound. ATT is already handling the series of in bound tours from Bangkok for Buddhist sector and Kashmir.
- New Domestic packages for Kerala, Shimla, Manali, Kashmir and North East.
- Developing the various choices for the L.T.C. seekers particularly for Govt. Employees.

- Overall, ATT is reviving and exploring the new avenues for the growth and consolidation of the division.

### D. SWOT Analysis

- The various strengths of the Division include :
  - Good image as Transport Service Provider having excellent network.
  - Influence being a government enterprise.

- There are certain weaknesses including dependency on empanelled operators, poor brand perception, cumbersome decision making and less credibility with suppliers for delay of payments.
- The opportunity includes launch of ATT portal, the Division being the major transport supplier, there is vast need of transport in Ministries/ Government Departments and PSUs. The threat perception before the Division includes IRCTC is going in a big way for inbound Tours and Hotel Bookings, Direct sale by Air India and tourist service portals by private agencies.

### v) Ashok Institute of Hospitality & Tourism Management

- The Ashok Institute of Hospitality & Tourism Management, an ISO 9001:2000 certified institute run by ITDC in New Delhi has been undertaking Education and Training related activities as a Strategic Business Unit of ITDC.
- The AIH&TM has been conducting 4 years Bachelor in International Hospitality Business Management course affiliated to the Kurukshetra University (Haryana) and from the last academic year AIH&TM has started the 3 years BBA in International Hospitality affiliated to the IP University, Delhi.
- Ministry of Tourism, Govt. of India has entrusted 'Capacity Building Training for Service Providers to the AIH&TM as one of

its implementing agencies which includes training of stakeholders for the forthcoming CWG 2010 under which the training has been imparted to the CISF jawans, Auto Rickshaw drivers, Unclassified Hotels and the staff of State Emporiums.

- AIH&TM is doing the training programme in Hospitality skills for BHEL, NTPC, IFS Academy, ITBP, IRCTC, CAG and many more. It is also giving industrial exposure training to Hotel Management students of Govt. and private colleges.
- AIH&TM has also launched franchising of its courses in the following areas :
  - Bachelors in International Hospitality Business Management.
  - Diploma in Air Hostess, Travel & Hospitality Management.
  - Certificate Courses in Hotel Operational Departments.
- Under the above franchising arrangements, Agreements have been signed with Institutes in Mumbai, Kolkata and Goa. In addition, a Strategic Alliance Agreement has been signed with the Institute of Learning & Advanced Development (INLEAD), Gurgaon. AIH&TM and INLEAD have jointly launched ASHOK INLEAD SCHOOL OF HOSPITALITY (AISH). AISH has started PG Diploma programmes in Facilities Management; Event Management & PR; Hospitality Operations Management w.e.f. 1.1. 2010.
- Plan is underway to initiate AIH&TM to affiliate with a prestigious international