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Board of Directors

(as on 31st August, 2011)

Chairman & Managing Director

Dr. Lalit K. Panwar

Directors

Smt. Dipali Khanna

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 H. Gambhir & Co.

M/s Subrata Das & Co.

M/s Thirlochan & Co.

M/s R.K. Kumar & Co.

M/s A.R. Joshi & Co.

M/s Sood Brij & Associates

M/s Pardeep Tayal & Co.

M/s Subodh Goel & Co.

M/s L.N. Chaudhary & Co.

M/s Dhoot & Associates

M/s Dharamvir Chopra & Co.

M/s Purushottam Agrawal & Co.

M/s ASA & Associates

M/s S.B. Dandeker & Co.

M/s Sheth & 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

Axis Bank

IDBI Bank Ltd

HDFC Bank

United Bank of India

NOTICE

Notice is hereby given that 46th Annual General Meeting of India Tourism Development Corporation Ltd. will be held on Friday, the 30th September, 2011 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 31st March, 2011 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: 02.09.2011

(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 September, 2011 to 30th day of September, 2011 (both days inclusive).
4. Members having any questions on accounts or any other item set out in the Agenda are requested to send their queries at least 10 days in advance to the Company at its registered office address to enable the Company to collect the relevant information and to keep the information ready at the meeting.

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 46th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

Your Company has achieved a total turnover of ₹ 392.36 crore as against ₹ 299.75 crore in the previous year indicating an overall increase by 30.90%. The increase in overall turnover has been achieved in all the commercial divisions except AIH&TM. The Company has recorded a Net loss (before tax) of ₹ 11.73 crore during the year as against Net loss (before Tax) of ₹ 20.51 crore in previous year. The decrease in overall loss is mainly due to increased turnover by ₹ 92.61 crore. However, the corresponding increase in expenditure has also been recorded including expenditure of ₹ 35.77 crore on renovation of the hotel properties and charged to revenue and amount of ₹ 9.70 crore (net) on account of amount recoverable from transferee companies for hotel units disinvested, written off and increase in doubtful debts and advances provided for by ₹ 4.23 crore. The increase in other expenditure is commensurate with the increase in turnover.

Performance Highlights

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

(₹ in crore)		
Particulars	2010-11	2009-10
Turnover	392.36	299.75
Operating Profit/(Loss)	(5.96)	(8.54)
Less: Interest	0.00	0.00
Less: Depreciation	5.60	4.12

Add/(Less) Prior period adjustments & extra ordinary items	(-)0.17	(-)7.86
(Loss)/Profit before Tax	(11.73)	(20.51)
Add/(less): Deferred Tax	3.12	13.09
Less: Provision for Income Tax	0.00	7.20
Less:- Provision for Wealth Tax	0.01	0.01
Less:- Provision for Fringe Benefit Tax	0.00	0.00
Add/(Less): Provision for Income Tax for earlier years written back	0.03	0.32
(Loss)/Profit after Tax	(8.59)	(14.31)
Add Currency Translation Reserve written back	0.00	0.00
Amount available for appropriation	(8.59)	(14.31)
Proposed Dividend	0.00	0.00
Dividend Tax	0.00	0.00
Equity Capital	85.77	85.77
Capital Employed	242.09	231.14
Rate of Return on Capital :-		
Before Tax	(-) 13.68%	(-) 23.91%
After Tax	(-) 10.01%	(-) 16.68%
Rate of Return on Capital Employed:-		
Before Tax	(-) 4.85%	(-) 8.87%
After Tax	(-) 3.55%	(-) 6.19%

Operating Ratio

The Operating Ratio has marginally decreased by 1.33% in the current year with the overall Operating Ratio of 101.52% as against 102.85% in the previous year.

Division wise Financial Performance

The Division wise financial performance is summarized as under:-

Hotel Division has achieved turnover of ₹ 254.41 crore during the year as against ₹ 196.71 crore in the previous year indicating growth by 29.33% and incurred the net loss of ₹ 22.92 crore as against the net loss of ₹ 31.55 crore in the previous year, mainly due to increase in renovation expenditure on hotel properties.

The turnover of Ashok International Trade (AIT) Division has increased to ₹ 8.37 crore from ₹ 5.58 crore in the previous year. During the year 2010-11, there were 5 duty free shops in operation i.e. at Goa, Coimbatore including new shops at Haldia Port, Kolkata Port and Chennai Port which commenced commercial operations during the year 2010-11.

The AIT Division has incurred a net loss of ₹ 2.49 crore as compared to net loss of ₹ 2.34 crore in the previous year.

The turnover of Ashok Travels & Tours (ATT) Division has increased to ₹ 67.78 crore from ₹ 47.11 crore in the previous year registering an increase by 43.86%. The ATT Division has suffered a net loss of ₹ 1.07 crore as against the net loss of ₹ 2.12 crore in the previous year.

Also the turnover of Ashok Tourist Service Station (ATSS) has increased to ₹ 9.36 crore from ₹ 8.39 crore in the previous year registering an increase by 11.56%. The ATSS has suffered a net loss of ₹ 0.31 crore as against the net loss of ₹ 0.31 crore in the previous year.

The turnover of the Ashok Creatives Division (including SEL Red Fort merged during the year) has been recorded at ₹ 11.23 crore (previous year ₹ 3.74 crore) and has suffered a loss of ₹ 2.35 crore as against net loss of ₹ 2.20 crore. The turnover and Net Profit of SEL Red Fort unit was recorded at ₹ 0.66 crore and ₹ 0.28 crore.

The Engineering Division has achieved a turnover of ₹ 11.09 crore during the year 2010-11 (previous year ₹ 3.91 crore) with net loss of ₹ 1.52 crore as against net loss of ₹ 5.04 crore in the last financial year. The increase in turnover includes commission of ₹ 3.78 crore earned from the furnishing of DDA flats for Commonwealth Games 2010 and revenue from execution of deposit works.

The turnover of Ashok Reservation & Marketing Services (ARMS) (Events) Division has marginally increased to ₹ 7.22 crore (previous year ₹ 7.20 crore) with net profit of ₹ 0.72 crore as against ₹ 0.18 crore in the previous year.

The Ashok Institute of Hospitality and Tourism Management (AIH&TM) has achieved turnover of ₹ 2.62 crore as against ₹ 4.45 crore in the previous year with net loss of ₹ 0.64 crore (previous year net profit of ₹ 0.24 crore) mainly due to decrease in turnover.

The Sound & Light Shows have recorded a turnover of ₹ 0.66 crore (previous year ₹ 0.73 crore with net profit of ₹ 0.28 crore (previous year profit of ₹ 0.16 crore).

The Corporate Head Quarter, being the administrative office has earned an income of ₹ 20.29 crore (previous year ₹ 22.64 crore) 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 2010-11.

Capital Structure

There is no change in authorized and paid-up capital of the Corporation. The Authorized Capital of the Corporation is ₹ 150 crore and

the paid-up share Capital of the Company is ₹ 85.77 crore as on 31st March, 2011.

Dividend

Since the Corporation has suffered the post tax loss of ₹ 8.59 crore during the year 2010-11, 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 2009-10 has been rated as 'Fair' in terms of the MoU signed with the Government of India.

Management Discussion and Analysis

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

Plan Schemes

- The Revised Budget Estimates towards capital expenditure for 2010-11 was ₹ 50.44 crore which included ₹ 45.49 crore for renovation of Hotel properties and remaining fund for ATT Division and other activities of the Corporation. The capital expenditure during 2010-11 was ₹ 45.71 crore out of which ₹ 9.94 crore was capitalized and ₹ 35.77 crore was charged to Revenue. Besides this ₹ 21.89 crore relating to Hotel units including ₹ 19.98 crore for 'The Ashok' has also been spent during the year on incomplete work relating to renovation work of hotel properties.
- The Plan outlay for the year 2011-12 is ₹ 94.12 crore (including the renovation work at Hotel properties for ₹ 91.47 crore)

and ATT and Miscellaneous schemes for ₹ 2.65 crore.

Implementation of Official Language Policy

During the year 2010-11, the Company continued its efforts to give impetus to the use of Hindi in official work through motivation and training. Cash incentives were granted to them on doing prescribed quantum of work in Hindi. Hindi workshops were organized to provide practical training of noting-drafting and other works in Hindi. Various Hindi competitions were also organized during Hindi Fortnight celebrations for giving impetus to the use of official language in day-to-day work.

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

All efforts are made to monitor energy costs on daily basis and compare, review with previous patterns and take steps to see that optimum use is made of energy and all natural resources. Further appropriate steps are taken to reduce the consumption through efficiency, Preventive Maintenance Program, introduction of latest technology, upgradation of system and equipment wherever necessary in a phased manner.

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 2010-11 has decreased to ₹ 14.12 crore as against ₹ 15.09 crore in the previous year 2009-10. The outgo of Foreign Exchange during the year was ₹ 6.58 crore as against ₹ 9.54 crore in 2009-10.
- During the year, 7 officials were sent on foreign tours at the cost of ₹ 7.11 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 March 2004 and the Hotel has been planned to be leased out. 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 General Circular No. 2/2011 has granted exemption under Section 212(8) of the Companies Act, 1956 provided certain conditions are fulfilled. Accordingly the Board of Directors has consented for not attaching the Balance Sheets of the subsidiary companies with the Balance Sheet of ITDC. In terms of the said circular, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2011 is enclosed as **Annexure VI** of this report. In terms of aforesaid circular, it is affirmed that annual report of the subsidiary companies and the related detailed information shall be made available to shareholders of the ITDC and subsidiary companies as and when required. It is further affirmed that annual accounts of the subsidiary companies shall also be made available for inspection by any shareholders in the head office of the ITDC and of the subsidiary companies concerned. The shareholders, if they desire, may write to the company to obtain a copy of financial statements 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, Dr. Lalit K. Panwar, IAS (w.e.f. 22.4.2010) was appointed as C&MD. Shri Anand Kumar, Joint Secretary, Ministry of Tourism (w.e.f. 7.7.2010) was appointed as Govt. Nominee and Shri P. K. Agarwal (w.e.f. 29.7.2010) was appointed as Director (Finance)

and Smt. Dipali Khanna (w.e.f.10.1.11), Additional Secretary & Financial Advisor, Ministry of Tourism, joined the Board of ITDC as Govt. Nominee pursuant to Article 61 of the Articles of Association of the Company.

- During the year under review, 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 Prof. (Dr.) Jyotindra Jain (w.e.f. 19.7.2010) as Non-official Director, Shri Rajiv Makin (w.e.f. 1.8.2010) as Director (C&M) and Shri E. K. Bharat Bhushan (w.e.f. 10.1.11) as Govt. Nominee Director ceased to be on the Board of Directors. 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

Smt. Dipali Khanna
Non-executive Director & Part-time Government Director

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

Shri Pradeep Kumar Agarwal
Director (Finance)

- 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, Govt. of Kerala. His educational qualifications are M.Sc., M.Phil., and MBA. He does not hold directorship in any other company.

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:

- CEO/CFO Certificate [as per Clause 49(v) and]
- 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 I A and II A of the Clause 49 of the Agreement, we were informed that the Corporation does not have any Independent Director after 19th July, 2010."

In its reply, it may be submitted that ITDC is a Central Public Sector Undertaking under the administrative control of the Ministry of Tourism (MoT), Govt. of India. The appointment

of Directors have to be done by the Ministry of Tourism with the approval of Appointments Committee of the Cabinet (ACC). We have already written to our Administrative Ministry i.e. the Ministry of Tourism and the process of appointment of independent director has already been commenced.

Corporate Social Responsibility (CSR)

- i. During the year under review, the objective of CSR Policy of the Corporation is employment generation. Keeping this objective in mind the Board mandated to impart vocational training to the students belonging to poor, including below poverty line, economically backward classes, SCs/ STs to equip them to get some employment.
- ii. In pursuance of the objective of the CSR policy and in terms of guidelines on “CSR for CPSEs” by Department of Public Enterprises (DPE), ₹ 22.50 lakh has been allocated towards budgeted MoU target for the year 2010-11. However, no direct expenditure could be incurred by the Corporation during the year under review.
- iii. ITDC has also introduced ‘Ashok Fellowship’ scheme for training programme including Hunar-se-Rozgar, an initiative of the Ministry of Tourism, Govt. of India for physically challenged, separated/widows, SCs, STs, minorities etc. ITDC Hotels are acting as Test Laboratories for the Hunar-se-Rozgar Scheme.

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, 2011, 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 judgments 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, 2011 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 2010-11 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 2010-11 are given in Annexures III, IV & V.

Comments of the Comptroller and Auditor General of India

The Comptroller and Auditor General (CAG) of India conducted a supplementary audit of the financial statements of ITDC for the year ended 31st March, 2011 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 organization 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: 02.09.2011
Place: New Delhi

Management Discussion and Analysis Report

Global and Indian Scenario

- i. India is ranked 4th in terms of Travel and Tourism growth in the world and 1st in South East Asia. India is well recognized for its natural resources, cultural resources with many World Heritage sites, rich fauna, many fairs and exhibitions and strong creative industries. India has also good air transport.
- ii. Travel & Tourism is an important sector of the economy and has outperformed other sectors in GDP Growth. It is also the significant contributor to the employment generation and the Foreign Exchange Earnings. In the year 2010, the Tourism sector witnessed substantial growth as compared to 2009. The Foreign Tourist Arrivals (FTA) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%.
- iii. ITDC, on its role as a commercial organization is to construct and manage hotels, run Duty Free Shops, provide travel and tour services and produce tourist publicity material on behalf of the Ministry of Tourism and State Governments. Further, as a promotional wing of the Ministry of Tourism, it also plays a catalytic and pioneering role in the development of tourism infrastructure in the country.

Annexure-I

Segment-wise Performance

Hotel Division (Delhi Hotels)

- i. Hotel Division of ITDC is major business segment. It accounts for 65% of the turnover of ITDC. In Delhi, ITDC has three hotels namely 'The Ashok', Samrat and Janpath and 3 Catering Establishments at Vigyan Bhawan, Hyderabad House and the Western Court.
- ii. The focus of the year 2010-11 for Delhi based Hotels was successful hosting of Commonwealth Games in October 2010. All the three Delhi based hotels were designated as the 'Games Family Hotels' for the Games. Accolades were received from the VVIP delegates from 71 nations who stayed in the hotels. In addition to the delegates of Commonwealth Games and International media, those who stayed at The Ashok included HRH Prince Edwards, HRH Prince of Jordan and HRH prince of Bhutan. The services were appreciated by one and all. The commitment was met with grand success.
- iii. Some of the initiatives taken in Delhi Hotels are :
 - Ashok renovated part of its inventory to match the new developments in the city by redoing its lobby, convention area, public lounges and 186 rooms.
 - In Ashok, 8 new rooms in a dedicated wing cater to the physically challenged guests, fully compliant with the norms across the world.

- Samrat refurbished its rooms. It launched new 'Pan Asian' fine dining restaurant 'SHIRO'.
- Janpath renovated its lobby, reception, lounge and main entrance gates. It upgraded its Banquet Hall and Tea lounge lawn for medium size functions and also upgraded Business Centre operations.
- Cuisine has been a forte, and value addition has been done in terms of coffee-table menu-books in 8 languages being introduced, as well as separate menus for guests and the host in the speciality restaurants.
- Advance security equipment, electronic locks, electronic safes, Plasma/LCD TVs and New Property Management System - Protel were introduced.
- Landscaping has been emphasised and efforts are on to bring in newer technology by way of energy saving devices, environment-friendly practices.
- iv. The renovation of The Ashok has been completed except 4th Floor which will be completed in the current year. No major renovation is planned in Samrat and Janpath Hotels during the current financial year.
- v. Plans are underway for having a marketing tie up with an international player having Global brand identity, creation of new facilities by utilizing unutilized space.
- vi. Major threats, risks and concerns are the augmentation of anticipated 5000

rooms in Delhi NCR within the next 3-4 years, imminent price 'pandemonium' by Competitors, especially new entrants. Besides having public sector image, there are constraints working with the stringent and rigid policies/procedures and ageing and superannuating workforce.

Hotel Division (Hotels outside Delhi)

- i. ITDC has five Ashok Group of Hotels outside Delhi located at Mysore, Patna, Jammu, Bhubaneswar and Jaipur, two MoT properties at Bharatpur and Kosi and one Restaurant at Agra. Besides, ITDC has five joint venture properties running at Ranchi, Bhopal, Puducherry, Guwahati and Itanagar. One joint venture property at Puri is closed since March 2004 and has been planned to be leased out.
- ii. During the year 2010-11, major renovation was done in Hotel Patliputra Ashok. Major renovation of toilets have been planned in Hotel Ranchi Ashok. Other plans are renovation of 17 rooms in Hotel Kalinga Ashok at Bhubaneswar, renovation of lift and toilets in Hotel Patliputra Ashok and renovation of Hotel Jaipur Ashok including renovation of swimming pool, installation of new lift and heating system at Hotel Lalitha Mahal Palace.
- iii. High wage bill due to implementation of 6th Pay Commission's recommendation has affected the profitability of these units. Major concern is the expiry of the lease agreement of four properties i.e. Jammu (year 2010), Bhopal (year 2012), Guwahati (year 2016) and Mysore (year 2023).

Ashok Creatives Division

- i. The Ashok Creatives as in past played an important role in tourism promotion & developmental projects of the Ministry of Tourism as well as other clients. However, in view of the changed scenario of outsourcing by the clients directly, the quantum of work has comparatively reduced. More emphasis has been given to the execution of work of creative nature.
- ii. Advertising assignments were taken up for various Govt. agencies such as Ministry of Tourism, Ministry of Culture, Central Pollution Control Board etc. Among the new projects, a 10-minute information CD on West Bengal Tourism in Hindi and Bengali language was produced.
- iii. On the design and print production front, the division designed and produced several jobs for various Govt. departments such as Ministry of Tourism, Election Commission of India, Nagaland University, CWG 2010 Delhi etc. and for various conferences of Ashok Events Division such as Cabinet Secretariat Workshop, Nirmal Gram Puskar Function, NAREGA, Civil Aviation, ASI etc.
- iv. The Ashok Creatives has taken up the assignments of mounting SEL Show at various places for the Ministry of Tourism/ various State Tourism Departments. During the year, the SEL Show at Purana Quila with State-of-the-Art Technology was commissioned and brought laurels to ITDC. The show is under commercial operation since January 2011. Progress has been

made in other projects at Sarnath (UP), Deoghar (Jharkhand), Hampi (Karnataka), Ludhiana (Punjab) and Kanyakumari (Tamil Nadu).

- v. The work for upgradation/modernisation of the SEL at Red Fort, Delhi is also in progress. The constraint is that manpower is not adequate and also not exposed to the latest developments in their respective fields through workshops, seminars etc. held in India and abroad.

Ashok International Trade Division

- i. Through AIT Division, ITDC offers duty free shopping facilities to international travellers.
- ii. ITDC is consolidating its duty free business at seaports. Presently, there are three duty free shops at Kolkata, Haldia and Chennai Seaports which has been working well. The shop at Chennai Seaport has achieved a turnover of ₹ 1.28 crore in just 10 months. The operation of shops at Haldia and Kolkata seaport are at nascent stage. New shops are to be opened at Mangalore and Goa Seaports during 2011-12 and plans are underway to open the shops at Mumbai and Cochin Seaports also.
- iii. The duty free shop at Goa Airport is in loss due to higher rental and employee cost. The duty free shop at Coimbatore has done a turnover of ₹ 1.23 crore with a bit of loss despite downfall in traffic due to diversion of traffic to new Airports i.e. Madurai and Trichy.

- iv. Major threat is the shrinking entity and the reduced size due to which AIT division is not able to get economy of scale and besides it is also 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.

Ashok Travels and Tours Division

- i. Ashok Travels & Tours - a Travel Division of ITDC provides all travel related services like Air Ticketing / Car Rentals/ Hotel Bookings/ Package Tours/ LTC Packages to various Ministries, Govt. Departments, Corporate and also to general public.
- ii. During the year 2010-11, Ashok Travels & Tours has shown a phenomenal growth and has achieved all time high turnover of ₹ 70 crore, a jump of 68% over the turnover of year 2009-10 which was ₹ 48 crore. During 2011-12, the Division has poised to achieve the turnover of ₹ 100 crore and in order to achieve this, following initiatives has been taken :
 1. Increasing the volume both in Air ticketing and Package tours;
 2. Developing the online portal for the cash business;
 3. Going big way to develop LTC packages for all regions and promote them aggressively;
 4. Appointing GSA to reach to niche market across the country;

5. Expanding the activities of the existing offices particularly converting Mumbai and Hyderabad offices into full fledged IATA offices;
6. Inducing fresh and young professional manpower on contractual basis for the very expansion and customer satisfaction.

Ashok Institute of Hospitality & Tourism Management

- i. The Ashok Institute of Hospitality & Tourism Management (AIH&TM), an ISO 9001:2000 Certified Institute run by ITDC in New Delhi came into existence in 1971 for in-house training of staff and executives of ITDC hotels. The Institute became a strategic business unit in 2002 and started taking up training assignments for outside agencies in the Hospitality industry.
- ii. The current activities of AIH&TM are :
 - 4-year bachelor's degree course in International Hospitality Business Management (BIHBM) in association with Kurukshetra University since July 2004;
 - 3-year BBA (IHM) in association with Guru Gobind Singh Indraprastha University (GGSIPU);
 - One year training in Air Hostess, Travel & Hospitality Management at Bengaluru;
 - 6 & 8 weeks Skill Development training for youths under the Hunar-se-Rozgar Tak scheme of the Ministry of Tourism;

- For Government of India's 'Capacity Building for Service Providers' (CBSP) Programme, the Ministry of Tourism, Government of India is the implementing agency on all India basis. Under CBSP programme implementation, 'Tourism Awareness' training has been conducted for immigration officers, Taxi Drivers at IGI Airport. In addition, CBSP training has also been conducted for Uttarakhand Tourism, Nagaland Tourism, Himachal Pradesh and J&K Tourism.
 - Imparting on-the-job training to industrial/summer trainees from various professional Hospitality Institutes in the country;
 - Designing & conducting customized Hospitality related Training Programmes for prestigious Institutions like State Tourism, Indian Railways, Foreign Service Institute, etc.
 - MoU with National Institute of Open Schooling offering diploma of one year duration in Hotel trade.
 - Complete refurbishing and upgradation of Institute's infrastructure has been done recently.
- iii. Major constraints are lack of adequate infrastructure, limited ITDC Faculty Strength, Competition from private and Government Institutes and absence of regularization of the land in favour of ITDC by L&DO, Government of India.

Ashok Consultancy & Engineering Division

- i. The Ashok Consultancy & Engineering Division of ITDC works mainly in the following three fields :
- a) Execution of Tourism infrastructure projects.
 - b) Consultancy Services to the Ministry of Tourism and State Tourism Departments for Engineering related projects.
 - c) Maintenance, upkeep, renovation, upgradation and expansion of ITDC owned and joint venture Hotels.
- ii. The Engineering Division continued to prepare Detailed Project Reports for the development of major tourist circuits/ destinations in various states of the country. During the CWG 2010, the Division is involved in a big way to renovate hotels mainly The Ashok, Samrat and Janpath and furnishing of additional alternative accommodation at Games Village Akshardham and Vasant Kunj, a CWG project. The Division has also been entrusted with the task of illumination works of prestigious monuments in Delhi for Night Tourism during the CWG 2010.
- iii. The Engineering Division is also executing tourist infrastructure projects funded by the Ministry of Tourism/ various State Governments in the states of Rajasthan, Mizoram, Puducherry and Andaman & Nicobar.

- iv. Major constraints are strict and lengthy procedure for awarding and execution of projects and the cost of manpower as large number of people need to be deputed for individual projects scattered all over the country.

Ashok Events Division

- i. The Ashok Events Division manages events, conferences and exhibitions both within the country and abroad and has established itself as a leader in the field of Event Management.
- ii. The Ashok Events Division has handled more than 75 events during the year 2010-11 including Civil Service Day, CCRAS Conference, National Urban Sanitation Policy Conference, Climate Change Conference, Public Private Partnership in State Highways, Round Table on Higher Education for discussion on draft legislation on innovation Universities, PATA Travel Mart-2010, Ministerial Dialogue on Presentation of Best Practices "Climate Change : Technology Mechanism", 6th World & 1st Indian Organ Donation Day, 10th Indira Gandhi Conference, an Indian Social Democracy: Integrating Markets, Democracy & Social Justice, Centenary Year Celebration of Civil Aviation, India Evening at ITB Berlin, 2011, Award function of Ministry of Social Justice & Empowerment, NREGA Conference etc. The Division also designated and fabricated various exhibitions like PETROTECH, ASI etc.

- iii. Through its Event Management activity, the Division also acts as a definite catalyst in the generation of business for other divisions of the Corporation like Ashok Group of Hotels, Ashok Travels & Tours, Ashok Creatives etc.

ITDC - SWOT Analysis

Strength

- Well Established Brand for 45 years
- Properties at Prime Locations
- Complementary businesses providing entire range of tourism experience in one bouquet
- Large accommodation, F&B and Convention facilities
- Versatile & Experienced Human Resources
- Patronage of Ministry of Tourism and other Govt. Agencies.

Weakness

- PSU Stigma
- Ageing infrastructure
- Ageing manpower
- Lack of international exposure
- No overseas representation/marketing
- Sub optimal use of IT Application.

Opportunities

- Harnessing untapped potential of properties

- Product upgradation and diversification
- Event Management
- Hospitality Education Sector
- Tourism Project Development and Consultancy through PPP route.

Threats

- Rising wage bill/establishment cost
- Bureaucratic ways of functioning
- Ageing staff with high costs
- Growing environmental concerns
- Cut throat competition
- Cyber battle of travel trade
- Wage & Productivity imbalance

Outlook

- According to various estimates, the total demand for branded hotels in India as on date is about 2,00,000 rooms whereas the supply is only about 1,20,000 rooms. Therefore, there is a huge gap to be filled. Further, Corporates are likely to increase spends on corporate travel. With expectation of healthy salary increase within its corporate world, discretionary spending is expected to increase further, especially on leisure travel. Demand levels are also likely to improve in the coming year as the economic growth is around 8%. Thus strong economic growth, improving business travel, increased tourism numbers are all positives for India in way ahead.
- The creation of niche tourism products like heliport tourism, medical tourism, wellness

tourism, adventure tourism, cruise tourism and caravan tourism has served to widen the network of this sector.

- The CWG 2010 was the grand success. With upgraded/renovated Ashok, we hope that ITDC will achieve significant growth in the coming years.

Risk and Concerns

- Tourism is a sensitive product. It is affected by general economic conditions like global recession, general inflationary conditions; socio-political risk like socio political environment internationally and within the country, advisories from foreign countries; competition from international hotel chains; increased outbound travel etc.
- Many foreign hotel companies entered the Indian market, and Delhi/NCR is projected to augment 5000 rooms by 2015. Some projects are already operational, while several more are in the pipeline/take off stage. The competition is severe, room rates are plummeting, and technology is evolving rapidly. To add to this, the traditional Indian concept of hospitality is being challenged by highly professional global players. While the luxury segment retains its place, the budget-corporate traveller is the king of the market. The war between brands is not so much in the price factor as in the add-on facilities and services being offered, customised packages and end to end travel solutions.
- The increased wage cost in ITDC hotels has affected the profitability of the Corporation. Further, ITDC is also facing the problem of

unskilled and aged manpower coupled with more staff retiring in the Senior Management Category with no recruitment happening. Much of the staff is taken on short term contracts. These contractual staff may not be of the similar skill level or even with commitment or motivation that is required in the industry to outshine the competition.

Internal Control

- The Corporation has adequate internal control system commensurate with its needs. Internal Auditors have been selected from the list of firms having experience of conducting audit of three star/five star hotels. Further no major internal control weakness has been reported by the Branch/ Statutory Auditors.
- In order to strengthen internal control system and internal checks in the organization, an internal audit cell has been established which conducts internal checks at operational level. Actions are taken against discrepancies/deviations, if any.
- The Corporation has introduced an Internal Audit Manual which has been prepared by the Institute of Public Auditors of India. The Internal Auditors have been advised to follow the Internal Audit Manual.

Human Resource Management and Industrial Relations

- The total number of employees in the Corporation was 2244 as on 31.3.2010

(excluding 85 employees on Direct Contract) and 2178 as on 31.03.2011 (including 30 Direct Contract Employees regularized in Ashok Hotel). Out of 2178 employees, 644 employees belong to Scheduled Castes (SCs), 52 belong to Scheduled Tribes (STs) and 101 to Other Backward Classes (OBCs). 82 employees were recruited during the financial year 2010-11, out of which 19 employees belong to Scheduled Castes (SCs), 03 belong to Scheduled Tribes (STs) and 09 to Other Backward Classes. However, 270 employees were promoted, out of which 45 employees belong to Scheduled Castes (SCs), 02 employees belong to Scheduled Tribes (STs) and 03 belong to other Backward Classes (OBCs). Further there are 300 women employees working in ITDC as on 31.03.2011 constituting 13.77% of the total workforce of the Corporation. Of these 80 are at Executive level and 220 are at non-executive level.

- The overall industrial relations situation in ITDC continued to be cordial and good.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objective, projections and estimates are forward looking statement and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.