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Board of Directors

(as on 31st August, 2012)

Part time Chairman cum

Non-official (Independent) Director

Shri Shankersinh Vaghela

Vice Chairman & Managing Director

Dr. Lalit K. Panwar

Functional Directors

Shri Pradeep Kumar Agarwal, Director (Finance)
Cmde. (Retd.) Ratan Kumar Okhandiar,
Director (C&M)

Government Nominee Directors

Shri Chirravuri Viswanath
Shri Anand Kumar

Company Secretary

Shri V.K. Jain

Registered Office

Scope Complex
Core 8, 6th Floor
7 Lodi Road
New Delhi-110003

Statutory Auditors

M/s V.K. Verma & Co.
C-37, Connaught Place
New Delhi-110001

Branch Auditors

M/s A.K. Patel & Associates
M/s Ashok Singhal & Co.
M/s Jain & Jain
M/s J.P. Goyal & Co.
M/s K. Ramanan & Co.
M/s M N S & Co.
M/s Narendra & Co.
M/s Pachnanda & Associates
M/s Salarpuria Jajodia & Co.
M/s Suru Kotni & Associates
M/s Vinod Kumar & Associates

Bankers

Canara Bank
Central Bank of India
Corporation Bank
Indian Bank
Indian Overseas Bank
Bank of India
Punjab National Bank
State Bank of India
State Bank of Hyderabad
State Bank of Patiala
IDBI Bank Ltd.
HDFC Bank
United Bank of India
Syndicate Bank
Axis Bank

Notice

Notice is hereby given that 47th Annual General Meeting of India Tourism Development Corporation Ltd. will be held on Wednesday, the 26th September, 2012 at 1400 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, 2012 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 declare dividend
- (3) To appoint a Director in place of Shri Anand Kumar, Director who retires by rotation pursuant to Article 61 of the Article of Association and being eligible offers himself for re-appointment.

Special Business

- (4) To pass with or without modification the following resolutions as Special Resolution :
 - a) Clause 71(21) of Articles of Association be modified and replaced by the following Clause as Clause 71(21) :

"To appoint and at their discretion remove or suspend such secretaries, officers, clerks, agents and servant as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit."
 - b) A new Clause 29A be added after Clause 29 in the Articles of Association :

"Subject to Section 77A of the Companies Act, 1956 amended from time to time and rules made thereunder, the Company may purchase its own shares at any time on the terms and conditions as specified in the Act."

By Order of the Board of Directors

Place: New Delhi
Dated: 31.08.2012

(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 24th day of September, 2012 to 26th day of September, 2012 (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 V. K. Verma & Company, C-37, Connaught Place, New Delhi - 110 001
- (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.

Explanatory Statement Pursuance to Section 173(2) of the Companies Act, 1956

Item No. 4 (a)

1. Clause 71 of the Articles of Association states the powers of the Board of Directors. Sub-clause 21 of Clause 71 states that approval of the President is required to appoint the person in the higher category of posts of person who have already attained the age of 58 years where the pay (including pension and pensionary equivalent of retirement benefits) proposed to be fixed for such persons exceeds ₹ 5700 per mensem or where the minimum of pay scale proposed to be given to such person is ₹ 5700/- or more. The above provision in the Articles of Association was incorporated based on Department of Public Enterprises (DPE) O.M. No. 18(9)/87-GM/DPE dated 22nd March, 1993. DPE has clarified that the O.M. No. 18(9)/87-GM/DPE dated 22nd March, 1993 has been cancelled by DPE vide O.M. No. 20(10)/99-GM-G2-42 dated 27th September, 2002 and hence the relevant provision of Articles of Association of ITDC also require modifications to be brought in line with the present position as the O.M. dated 22.3.1993 stands cancelled.
2. In view of the clarifications received from DPE, Clause 71(21) requires to be modified and be substituted as under :

“To appoint and at their discretion remove or suspend such secretaries, officers, clerks, agents and servant as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and

require security in such instances and to such amounts as they may think fit.”

3. In this connection, it is submitted that Section 31 of the Companies Act, 1956 states that subject to the provisions of the Companies Act, 1956 and the conditions contained in its memorandum, a company may by special resolution alter its articles.
4. It is submitted that the proposed alteration in the Articles of Association is not inconsistent with the conditions contained in the memorandum of ITDC nor it is inconsistent with the provisions of the Companies Act, 1956 or any other law.
5. Board of Directors of ITDC in their meeting held on 14th February, 2012 have recommended the proposed alteration in the Articles of Association. The Members of ITDC are requested to approve the proposed alteration of Clause 71(21) of the Articles of Association of ITDC by passing the proposed resolution as a special resolution.
6. None of the Directors of the Company is interested in the resolution.

Item No. 4 (b)

1. ITDC has received a Department of Public Enterprises (DPE) O.M. No. DPE/14(24)/2011-Fin. dated 26th March, 2012 Subject ‘Issue of Guidelines regarding buy back of shares’ from the Ministry of Tourism for compliance.
2. In the said O.M., DPE has pointed out that the CPSEs are not exercising the option to buyback their shares like private companies. DPE has therefore issued the following guidelines :

- i) If a CPSE decides to buy back its own shares from the shareholders using surplus cash, Department of Disinvestment (DoD) on behalf of major shareholders may tender/ offer equity on behalf of the Government of India;
- ii) CPSE will amend their Articles of Association to provide for buy back of shares if such provision does not exist in their Articles.
3. In this connection, it may be submitted that the Articles of Association of ITDC do not provide for buy back of shares.
4. In compliance of the DPE Guidelines, ITDC requires to alter its Articles of Association by incorporating the provisions of the buy back.
5. In this connection, it is submitted that Section 31 of the Companies Act, 1956 states that subject to the provisions of the Companies Act, 1956 and the conditions contained in its memorandum, a Company may by special resolution alter its articles.
6. It is submitted that the proposed alteration in the Articles of Association is not inconsistent with the conditions contained in the memorandum of ITDC nor it is inconsistent with the provisions of the Companies Act, 1956 or any other law.
7. Board of Directors of ITDC in their meeting held on 20th June, 2012 have recommended the proposed alteration in the Articles of Association. The Members of ITDC are requested to approve the proposed alteration by addition of new Clause 29A after Clause 29 of the Articles of Association of ITDC by passing the proposed resolution as a special resolution.
8. None of the Directors of the Company is interested in the resolution.

By Order of the Board of Directors

Place: New Delhi V. K. Jain
Dated: 31st August, 2012 Company Secretary



Chairman's Speech

Ladies and Gentlemen,

I extend to you all a very hearty welcome to our company's forty seventh Annual General Meeting and thank you for sparing your valuable time and making it convenient to attend. After having taken over charge of Part Time Chairman of ITDC in June 2012, this is my first opportunity to interact with you on this occasion.

Global Economy

Indian Economy is a growing economy with very positive trends in the longer run. However, currently due to slowdown in the global economy, Indian economy is undergoing a difficult phase. GDP Growth is expected at 6.9% after having grown at 8.4% in preceding two years.

Tourism Sector

Indian culture and heritage has its own charm that attracts the travelers from all

around the globe. India is blessed with rich culture and heritage. Besides the rich culture and religious phenomenon, there are a number of worth seeing heritage monuments visited by the foreign nationals from all over the world.

During CWG 2010, ITDC was assigned and successfully accomplished the project of illuminating 11 Heritage (ASI) Monuments with state of the art technology to highlight the cultural heritage of the city Delhi and to provide a visual treat to the tourists.

Tourism plays an important role in economic development and creation of jobs in India. The Planning Commission has identified tourism as the second largest sector in the country in providing employment opportunities for low-skilled/semi-skilled workers.

Despite worldwide economic slowdown, Tourism in India has delivered better performance. The growth rate of 8.9% in foreign

tourist arrivals in India was almost double the growth of 4.4% in tourist arrivals worldwide.

ITDC

ITDC is the only Public Sector Undertaking of the Ministry of Tourism mandated to promote tourism and create tourism infrastructure in India besides playing its role as a commercial organization.

ITDC as an agency of the Ministry of Tourism plays a pioneering role in the development of tourism infrastructure in the country, generates employment in the Hospitality Sector and promotes Indian cuisine in the world by participating in Food Festivals organized all over the world. ITDC is also the event manager of Ministry of Tourism to showcase Indian Tourism in global tourism and travel marts/shows.

After disinvestment of 18 hotels in 2001-02, ITDC consolidated its remaining activities and re-structured itself to take up diversified service oriented business activities like Consultancy and execution of tourism and engineering projects, Training, Consultancy in the Hospitality Sector, Event Management, mounting of Son-et-lumiere (SEL) Shows etc.

ITDC Hotel Properties

It is indeed good to say that all the properties of ITDC are located in prime places. With the renovation of Delhi based Hotels viz. The Ashok, Samrat and Janpath, we have made an endeavour to meet the aspirations of our guests.

Five Hotel properties located outside Delhi at Mysore, Patna, Jammu, Bhubaneswar and Jaipur have also been renovated to meet the standards of Hotels in the relevant category.

ITDC also has five running Joint Venture Properties. One of our joint venture properties i.e. Hotel Pondicherry Ashok Beach Resort, Puducherry has a land bank of about 50 acres. Your Company has initiated the process of setting up a complete tourist destination comprising of Family Entertainment Zone (FEZ), Convention and related facilities (MICE), Infrastructure & Shopping Mall with Multiplex, Club House with 10 keys and other value added facilities including 9 hole Golf Course, Water Sports Activities on the Beach Front and Hotel Expansion with 40 Keys in a new business model based on Public Private Partnership (PPP).

ITDC properties continue to earn prestigious awards during the year in various areas. Prominent among them are the award won by The Ashok as the “Best Hotel for Cuisine and Services” by Pacific Asia Travel Writers Association (PATWA) at ITB Berlin in March 2012; “Oudh Restaurant” in The Ashok which was awarded the Finest Regional Indian Cuisine Restaurant’ by HT City Crystals People’s Choice Award (HT City Top Table) as well as by Safari India for “Best Restaurant for Indian Food” 2011; and The Ashok, New Delhi which was awarded as having the “Best Convention Facilities in Delhi NCR” at the Travel & Hospitality Awards organized by Swift Media International on 25th February, 2012. The Ashok, New Delhi was awarded the “Best Convention Centre” for the year 2009-10 by the Ministry of Tourism in National Tourism Awards 2010.

Besides, Officials of ITDC were also awarded the culinary awards such as the Indian Culinary Forum awarded “The Golden Hat Award 2011” in November 2011, to Shri Sireesh Saxena, Corporate Chef, ITDC, who also won “Best Professional in Public Sector Undertaking” by 7th Hospitality India & Explore the World Annual International Awards-2011 in October 2011. Shri Madhav Chander Pal of The Ashok

won “Best Chef for Indian Sweets” award from Indian Culinary Forum.

Business Divisions of ITDC

ITDC has the expertise in mounting **Sound & Light Shows**. ITDC is working on many SEL projects awarded by the Ministry of Tourism/ State Governments. SEL Show projects are gradually becoming one of the core areas of ITDC. ITDC is also operating SEL Shows at Red Fort and Purana Qila, New Delhi.

Ashok Events Division has established itself as a leading professional conference organizer and a leading Event Manager. It is the official designated agency to manage events on behalf of the Ministry of Tourism and has successfully held prestigious events in India and abroad. Some of the major events handled by the Division during 2011-12 include : Fetes de Geneve, Road Shows in Russia, Ukraine and Kazakhstan, 150th Birth Anniversary Celebrations of Nobel Laureate Kavi Guru Rabindranath Tagore, Indo-US Bilateral dialogue on Climate Change, India Pavilion for PATA 2011 and India Evening at WTM 2011.

Ashok Institute of Hospitality & Tourism Management (AIH&TM) is a pioneering institute in imparting training and education in the Hospitality sector :

- It is an ISO 9001-2008 certified Institute run by ITDC. AIH&TM has the distinction of being the first ISO certified Hospitality Institute in the Asia Pacific Region. It has the affiliation with Kurukshetra University and I. P. University.
- It has also signed an MoU with the National Institute of Open Schooling under the Ministry of Human Resource Development, Govt. of India for jointly conducting various Certificate/Diploma

courses relating to Hospitality and Tourism Management.

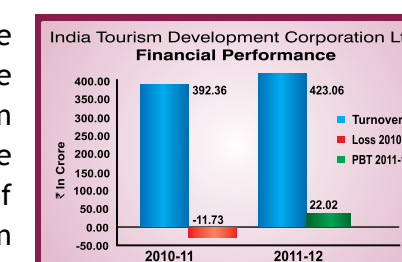
- ITDC is working on a plan to broad base the activity of the Institute with the ultimate vision of establishing a Tourism University which would be the first of its kind. C&MD of ITDC was conferred the National Award for Excellence in Hospitality Education 2010-11 in recognition of outstanding contribution towards skill development initiatives.

With the privatization of major international Airports, ITDC through its **Ashok International Trade Division** has shifted its focus to the seaports for merchandising the products in duty free shops. During the year, three shops at Haldia, Kolkata and Chennai were commissioned and started operations. One shop was commissioned in Goa in April this year. Three more shops are expected in the coming year at Vishakhapatnam, Kakinada and Mangalore.

Performance during the Financial Year

I have immense pleasure in informing the shareholders of the Corporation that during Financial Year 2011-12, your Corporation has done exceedingly well and has registered profit during the year after incurring losses during last two consecutive years. The turnover has increased from ₹ 392.36 crore to ₹ 423.06 crore and the profit before tax has been ₹ 22.02 crore against the loss of ₹ 11.73 crore during the previous year.

Ashok Travels & Tours has achieved an all time high turnover of ₹ 92 crore inspite of



worldwide recession and austerity measures introduced by the Government on foreign travel. The turnover has increased by 36% over the previous year. During 2012-13, ATT is poised to achieve the turnover of ₹ 120 crore.

This turnaround in the performance of the Corporation has been made possible due to concerted efforts of the staff, the officers and the management of the Corporation with continuous guidance and patronage from the Ministry of Tourism.

The Operating ratio has improved by 8.19% in the current year with the overall operating ratio of 93.33% as against 101.52% in the previous year.

We are committed to augment these efforts in the coming years as well and hope to achieve higher targets in all spheres viz. turnover, profitability and operational efficiency.

Dividend

Encouraged by better financial results, your Corporation has proposed to distribute a dividend of 5% to its shareholders which it could not declare during last two financial years because of losses.

Hunar Se Rozgar

ITDC through its Training Institute 'Ashok Institute of Hospitality & Tourism Management' was assigned the task to act as the implementing agency for "Hunar Se Rozgar" Scheme of the Ministry of Tourism. The mandate of the Scheme is to provide short term skill development training to youth in the age group of 18 to 28 years who are minimum VIII Class pass, in trades related to Hospitality & Tourism. ITDC Hotels are acting as Training and Test Laboratories for the "Hunar Se Rozgar" Scheme.

At the start of the Scheme, ITDC was given the target for training 500 youth which was revised to 1500. It is indeed a matter of pride to inform you that at the end of the financial year 2011-12, ITDC has trained 1589 youth under the scheme and majority of such trained youth have been given employment in various big brand hotels including Hotel Radisson Blue in Ranchi.

The scheme has assumed importance of national level due to the scope of employability in the area of tourism and hospitality and non availability of trained staff in the same.

Looking at the performance in the last financial year, in the current financial year 2012-13 :

- The Ministry of Tourism, Government of India has bestowed to ITDC an ambitious target to train 5000 students under the Scheme.
- By the end of August 2012, ITDC along with its associates has already trained more than 3000 students and about 35% of them have been gainfully employed.
- ITDC on its own has requested the Ministry of Tourism, Government of India to revise the target to train 10000 students in place of original target of 5000 in this financial year. Efforts have been made to get the State Tourism Corporations also on board for carrying out the training by providing the infrastructure available with them.
- ITDC has already made arrangements with Haryana Tourism Development Corporation and Rajasthan Tourism Development Corporation and the two State Tourism Development Corporations have already signed MoUs with ITDC for imparting training.

Efforts have been made to make this training reach to the minority community also. ITDC has also signed an MoU with National Scheduled Caste Finance Development Corporation to train 1000 scheduled caste youth under this scheme and ITDC is also under active discussions with National Handicapped Corporation for imparting training for differently abled youth.

Corporate Social Responsibility

ITDC has introduced Ashok Fellowship Scheme for the students of "Hunar Se Rozgar" under which a student having 90% attendance is given a scholarship of ₹ 1400/-. A total of 734 students have been given the Ashok Fellowship, total expenditure ₹ 10,27,600/-.

Campaign 'Clean India'

- In the 12th Five Year Plan, the Ministry of Tourism has given high importance to the Hygiene and Sanitation in and around monuments. The national movement on Campaign 'Clean India' was launched by the Hon'ble Minister of Tourism.
- ITDC has been entrusted with task to implement the campaign. A pilot project was launched by ITDC under the Ministry of Tourism at Qutab Minar.
- ITDC has been networking with various stakeholders including Municipal Corporation of Delhi (MCD), Archaeological Survey of India (ASI), Delhi Jal Board (DJB), Delhi Development Authority (DDA), Traffic Development and the Shop Owners and Traders Association around the Qutab Complex to make the project a success. The NGO Prayas, was also roped in as a partner in this project and the initiative has been taken up with full zeal and enthusiasm.

Corporate Governance

Your company follows the sound corporate governance practices with the objective of protecting the rights of the shareholders, enhancing transparency and disclosures, facilitating effective functioning of the Board and providing an effective framework of checks (both internal and external) to ensure compliance of provisions contained in the Listing Agreement and guidelines as laid down by the Department of Public Enterprises. Your company has largely complied with the provisions of the Listing Agreement.

Green Initiatives

As a part of Green initiatives, all Delhi based Hotels have E.T.P. plants and Rain Water Harvesting Plant. Hotel Janpath has Solar Heating Plants. As regards outside Delhi Hotels, Hotel Jammu Ashok and Hotel Jaipur Ashok have E.T.P. Plants. We are committed to install energy saving plants in other units to ensure optimum use of energy and natural resources.

The kitchen of all Delhi Based Hotels and Hotel Jaipur Ashok are ISO certified. ITDC is also taking steps to make its properties user friendly for differently abled persons by entering into an MoU with Swayam, a Delhi based NGO.

Rise with Technology

In order to cope with latest marketing technology, ITDC has today launched its website in a new avatar together with the portal facilitating bookings of hotels, tickets, tours etc. through online payment gateway system. This will facilitate ITDC to serve its esteemed guests to make online bookings and payments.

ITDC has also upgraded its Hotel Management Systems to take full advantage of advances in Information Technology. The new

system provides improved control mechanism and better analytical technologies to manage the profiling data of esteemed guests. For managing the data created by The Ashok, Samrat and Janpath, a Data Centre has been created at The Ashok with Disaster Recovery site at Janpath Hotel. This would provide information of Guests to Delhi based hotels and will help in better control on room inventory of these hotels.

Sharing Information

‘Ashoknaama’, the in-house quarterly bilingual publication of ITDC shares information with various stakeholders on the significant development of the activities of the Corporation. Soft copy of the house journal is also available on the company’s website.

Future Strategy

Planned initiatives are :

- Revenue maximization of each property through well developed plans.
- Joining hands with State Tourism Departments/Corporations for developing budget class tourist accommodation as PPP projects.
- Value for money based customer-focused services.
- Expanding the area of operation by entering into new business avenues especially through Public Private Partnership route.
- Forging Joint Venture Alliance with various State Governments particularly North Eastern States to set up new hotels. ITDC has gone ahead for forming a Joint Venture Company for opening a hotel in Agartala with Tripura Government under PPP mode.

- Improving brand image through product upgradation, better services and enhanced public relations.

Outlook

Tourism has been a major socio-economic phenomenon of all growing economies all over the world. It is a large service industry globally in terms of gross revenue as well as foreign exchange earnings. Tourism has the potential to grow at a high rate and ensure consequential development of the infrastructure of the destinations. It has the capacity to capitalize on the country’s success in the services sector and provide sustainable models of growth.

Acknowledgement

On behalf of ITDC Board, I would like to thank you all for your support and reposing confidence in us. I wish to convey my sincere gratitude to all our valued shareholders, guests, and Government of India through the Ministry of Tourism for their guidance and invaluable support and co-operation extended to us.

Lastly, on behalf of ITDC Board, I extend my heartfelt compliments to all the employees whose dedicated efforts and commitment have earned us all the success.

Thank You, Jai Hind.

New Delhi
26th September, 2012

Sd/-
(Shankersinh Vaghela)
Chairman

Directors’ Report

Dear Shareholders,

Your Directors have pleasure in presenting the 47th Annual Report together with the audited accounts of the Corporation for the year ended 31st March, 2012.

Your Corporation has achieved a total turnover of ₹ 423.06 crore during the financial year 2011-12 as against ₹ 392.36 crore in the previous year 2010-11 indicating an overall increase by 7.82%. The increase in overall turnover has been achieved in all the commercial divisions except Ashok Creatives and Engineering Divisions and Hotel ‘The Ashok’. During the financial year 2011-12, the Corporation has recorded a Net Profit (before tax) of ₹ 22.02 crore as against Net Loss (before Tax) of ₹ 11.73 crore in previous year.

Performance Highlights

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

	(₹ in crore)	
Particulars	2011-12	2010-11
Turnover	423.06	392.36
Operating Profit/(Loss)	28.20	(5.96)
Less: Depreciation	5.53	5.60
Add/(Less) Prior period adjustments & extra-ordinary items	(-)0.65	(-)0.17

(Loss)/Profit before Tax	22.02	(11.73)
Add/(less): Deferred Tax	(-)7.47	3.12
Less: Provision for Income Tax	6.00	0.00
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	0.00	0.03
(Loss)/Profit after Tax	8.54	(8.59)
Add Currency Translation Reserve written back	0.00	0.00
Amount available for appropriation	8.54	(8.59)
Proposed Dividend	4.29	0.00
Dividend Tax	0.70	0.00
Equity Capital	85.77	85.77
Capital Employed	308.86	242.09
Rate of Return on Capital:		
Before Tax	25.67%	(-) 13.68%
After Tax	9.96%	(-) 10.01%
Rate of Return on Capital Employed:		
Before Tax	7.13%	(-) 4.85%
After Tax	2.77%	(-) 3.55%

Operating Ratio

The Operating Ratio has improved by 8.19% in the current year with the overall operating ratio of 93.33% as against 101.52% in the previous year.

Division wise Financial Performance

The Division wise financial performance of the Corporation is summarized as under:-

Hotel Division has achieved turnover of ₹ 257.70 crore as against ₹ 254.41 crore in the previous year indicating growth by 1.29% and earned the net profit of ₹ 10.61 crore as against the net loss of ₹ 22.92 crore in the previous year.

The turnover of Ashok International Trade Division (AITD) has increased to ₹ 9.18 crore from ₹ 8.37 crore in the previous year. During the year 2011-12, there are 6 duty free shops in operation i.e. three at Airports viz. Goa Airport (Arrival & Departure), Coimbatore Airport and three shops at Seaports viz. Haldia Port, Kolkata Port and Chennai Port.

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

The turnover of Ashok Travels & Tours (ATT) has increased to ₹ 92.04 crore from ₹ 67.78 crore in the previous year registering an increase by 35.79%. The ATT Division has achieved a net profit of ₹ 0.07 crore as against the net loss of ₹ 1.07 crore in the previous year.

The turnover of Ashok Tourist Service Station (ATSS) has increased to ₹ 10.37 crore from ₹ 9.36 crore in the previous year registering an increase by 10.79%. The ATSS has incurred

a net loss of ₹ 0.20 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) has been recorded at ₹ 5.05 crore (previous year ₹ 11.23 crore). The Division has incurred a net loss of ₹ 1.03 crore as against net loss of ₹ 2.35 crore.

The Engineering Division has achieved a turnover of ₹ 5.73 crore during the year 2011-12 as against turnover of ₹ 11.09 crore in the previous year. Engineering Division has incurred net loss of ₹ 8.11 crore as against net loss of ₹ 1.52 crore in the previous year.

The turnover of ARMS (Ashok Events) Division has increased to ₹ 13.98 crore as against turnover of ₹ 7.22 crore in the previous year. The Division has incurred a net loss of ₹ 1.57 crore as against a net profit of ₹ 0.72 crore in the previous year.

The Ashok Institute of Hospitality and Tourism Management (AIH&TM) has achieved a turnover of ₹ 4.80 crore as against ₹ 2.62 crore in the previous year. The Division has earned a net profit of ₹ 0.53 crore as against net loss of ₹ 0.64 crore in the previous year.

The Corporate Headquarters, being the administrative office has earned an income of ₹ 24.22 crore (previous year ₹ 20.29 crore) mainly consisting of income from Interest on short-term deposits with banks from the surplus funds available with it.

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, 2012.

Dividend

The Board of Directors recommends a dividend of 5% for the financial year 2011-12 on the paid-up capital of the Company.

Rating of ITDC vis-à-vis MoU Targets

Performance of the Company for the year 2010-11 has been notified as 'Fair' with Composite Score 4.054 by Department of Public Enterprises (DPE) in terms of the MoU signed with the Government of India.

Management Discussion and Analysis

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

Plan Schemes

The Revised Capital Budget Estimates towards capital expenditure for 2011-12 were ₹ 41.58 crore which included ₹ 37.92 crore for renovation/improvement on existing Hotels, catering units and other divisions. The capital budget for ATT was ₹ 1.00 crore and ₹ 2.66 crore for other activities of the Corporation. The capital expenditure during 2011-12 was ₹ 18.47 crore out of which ₹ 0.83 crore was capitalized and ₹ 17.64 crore was charged to revenue.

The Plan outlay for the year 2012-13 is ₹ 48.62 crore out of which ₹ 46.97 crore relates to renovation/improvement in existing Hotels, catering units, other divisions and ₹ 1.65 crore relates to other activities of the Corporation.

Implementation of Official Language Policy

During the year 2011-12, the Company continued its efforts to promote the use of Hindi in official work through motivation and training. Cash incentives were granted to the employees 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. On this occasion Hindi Kavighoshthi and Rajbhasha Puraskar Vitran Samaroh were also organized to motivate officers and employees.

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

Commitment towards energy conservation remains in the units at various stages of operations. Commercial considerations, energy conservation policies and practices play a vital role in the endeavours made in this direction.

Since your Company's operations 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 & Outgo

The Direct Foreign Exchange Earnings during the year 2011-12 has increased to ₹ 20.38 crore as against ₹ 14.12 crore in the previous year. The outgo of foreign exchange during the year was ₹ 2.58 crore as against ₹ 6.58 crore in 2010-11.

During the year, 8 officials were sent on foreign tours at the cost of ₹ 12.05 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 Limited. (vi) Utkal Ashok Hotel Corporation Ltd. and (vii) Punjab Ashok Hotel Company Ltd. The Hotel Units 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 Sheet 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, 2012 is enclosed as **Annexure VI** of this report. In term 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 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 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, six Board meetings were held to transact the business of the Company.

During the year under review, Shri Ashish Bahuguna (w.e.f. 21.11.2011), Additional Secretary & Financial Advisor-Ministry of Tourism was appointed as Govt. Nominee Director vice Smt. Dipali Khanna and Shri Chirravuri Viswanath (w.e.f. 23.01.2012), Additional Secretary & Financial Advisor-Ministry of Tourism was appointed as Govt. Nominee Director vice Shri Ashish Bahuguna pursuant to Article 61 of the Articles of Association of the Corporation.

During the year under review, Smt. Dipali Khanna as Govt. Nominee Director (from 10.1.2011 to 21.11.2011) and Shri Ashish Bahuguna as Govt. Nominee Director (from 21.11.2011 to 23.01.2012) ceased to be on the Board of Directors. The Board appreciates the valuable services rendered by them during their tenure. The present composition of the Board is as under:

- i) Shri Shankersinh Vaghela, Part time Chairman cum Non-official (Independent) Director w.e.f. 13.06.2012
- ii) Dr. Lalit K. Panwar, originally appointed as Chairman & Managing Director w.e.f. 21.04.2010, re-designated as Vice Chairman & Managing Director w.e.f. 13.06.2012
- iii) Shri Chirravuri Viswanath, w.e.f. 23.01.2012

- iv) Shri Anand Kumar w.e.f. 7.7.2010
- v) Shri Pradeep Kumar Agarwal, Director(Finance) w.e.f. 29.7.2010
- vi) Cmde. (Retd.) Ratan Kumar Okhandiar, Director (C&M) w.e.f. 10.07.2012

Pursuant to Article 61 of the Article of Association, 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 of 1984 Batch from Kerala Cadre. He is 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 other companies.

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 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. However, the Govt. of India has appointed one independent director viz. Shri Shankersinh Vaghela on 13th June, 2012 but still Corporation needs two more independent directors to fulfill the requirements of Clause 49 of the Listing Agreement.”

In view of the above observation, 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. Appointment of Directors are done by the Ministry of Tourism with the approval of Appointments Committee of the Cabinet (ACC). ITDC is pursuing with the Ministry of Tourism for the appointment of requisite number of independent directors. It may be submitted that the process of appointment of independent directors has already been commenced.

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, 2012, 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, 2012 on a 'going concern' basis.

Auditors and Auditors' Report

The Comptroller & Auditor General of India have appointed M/s V. K. Verma & Company, Chartered Accountants as Statutory Auditors of the Company and also various Branch Auditors for the year 2011-12 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 2011-12 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, 2012 and have issued NIL comments.

Acknowledgement

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.

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

Date: 31.08.2012
Place: New Delhi

(Dr. Lalit K. Panwar)
Vice Chairman and
Managing Director