

**49<sup>th</sup> ANNUAL REPORT**

**2013-14**

**INDIA TOURISM DEVELOPMENT  
CORPORATION LIMITED**

**Board of Directors**

(As on 14<sup>th</sup> August, 2014)

**Managing Director**

Dr. Sameer Sharma

**Functional Directors**

Cmde (Retd.) Ratan Kumar Okhandiar  
Director (Commercial & Marketing)  
Shri Trinath Behera  
Director (Finance)

**Govt. Nominee Director**

Dr. (Ms.) T. Kumar  
Shri Girish Shankar

**Company Secretary**

Shri V. K. Jain

**Registered Office**

Scope Complex  
Core 8, 6<sup>th</sup> Floor  
7, Lodhi Road  
New Delhi – 110003

**Statutory Auditors**

M/s V. K. Verma & Company  
C-37, Connaught Place,  
New Delhi – 110 001

**Branch Auditors**

M/s A. K. Patel & Associates  
M/s Vinod Singhal & Co.  
M/s Jain & Jain  
M/s J.P. Goyal & co.  
M/s Guru & Ram  
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 Hingorani M & Co.

**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

## **Directors' Report**

### **2013-14**

Dear Shareholders,

Your Directors have pleasure in presenting the 49<sup>th</sup> Annual Report together with the audited accounts of the Corporation for the year ended 31<sup>st</sup> March 2014.

Your Corporation has achieved a total turnover of Rs. 469.58 crore during the financial year 2013-14 as against Rs. 440.64 crore in the previous year 2012-13 indicating an overall increase by 6.57%. The increase in overall turnover has been achieved in all the commercial divisions except Hotel LMPH, Janpath, Jammu, Patna & AITD and Ashok Events Division. During the financial year 2013-14, the Corporation has recorded a Net Profit (before tax) of Rs. 11.93 crore as against net profit before tax of Rs. 5.48 crore in previous year 2012-13.

### **Performance Highlights**

The highlights of the financial results of the corporation (Stand alone) are given below :-

<b>Particulars</b>	<b>(Rs. in crore)</b>	
	<b>2013-14</b>	<b>2012-13</b>
Turnover	469.58	440.64
Operating Profit/(Loss)	21.73	13.73
Less: Depreciation	5.96	5.89
Add/(Less) Prior period adjustments & Extra ordinary items	(-) 3.84	(-)2.36
Profit before Tax	11.93	5.48
Add/(less): Deferred Tax	1.00	(-)0.59
Less: Provision for Income Tax	-3.50	2.20
Less:- Provision for Wealth Tax	-0.01	0.01
Add/(Less): Provision for Income Tax for earlier years written back	-	0.32
Profit after Tax	9.42	3.00
Amount available for appropriation	9.42	3.00
Proposed Dividend	4.29	0.00
Dividend Tax	0.73	0.00
Equity Capital	85.77	85.77
Capital Employed	278.98	277.25
Rate of Return on Capital :-		
Before Tax	13.91%	6.38%
After Tax	10.98%	3.5%
Rate of Return on Capital Employed		
Before Tax	4.28%	1.98%
After Tax	3.38%	1.08%

### **Operating Ratio**

The Operating Ratio has decreased by 1.51% in the current year with the overall operating ratio of 95.37% as against 96.88% in the previous year 2012-13.

## **Division wise financial performance**

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

Hotel Division has achieved turnover of Rs.262.88 crore during the year 2013-14 as against Rs. 250.59 crore in the previous year 2012-13 indicating increase by 4.90% and incurred the net loss of Rs.4.58 crore as against the net loss of Rs. 4.81 crore in the previous year .

(ii) The turnover of Ashok International Trade Division (A.I.T.Division) has decreased to Rs. 9.40 crore from Rs. 11.35 Crore in the previous year. During the year 2013-14, there are 7 duty free shops in operation i.e. at Goa, Goa Seaport, Coimbatore, Haldia Port, Kolkata Port, Chennai Port and Mangalore Port. During the year 2013-14, the AIT Division has incurred a Net Loss of Rs. 1.58 crore as compared to net loss Rs. 3.96 crore in the previous year.

(iii) Further, the turnover of Ashok Travels & Tours (ATT) Division has increased to Rs. 123.08 crore from Rs. 106.61 crore in the previous year registering an increase by 15.44%. The ATT Division has incurred a net loss of Rs. 1.78 crore as against the net loss of Rs. 1.99 crore in the previous year.

(iv) The turnover of Ashok Tourist Service Station (ATSS) has increased to Rs.12.96 crore from Rs. 10.45 crore in the previous year registering an increase by 24.02%. The ATSS has suffered a net loss of Rs. 0.49 crore as against the net loss of Rs. 0.17 crore in the previous year.

(v) The turnover of the Ashok Creative Division (including SEL Red Fort) has been recorded at Rs.7.89 crore (previous year Rs. 6.92 crore) and has incurred a loss of Rs. 1.57 crore as against net loss of Rs. 1.51 crore in the previous year 2012-13.

(vi) The Engineering Division has achieved a turnover of Rs. 6.91 crore during the year 2013-14 (previous year Rs. 4.57 crore) with net loss of Rs. 6.83 crore as against net loss of Rs.11.06 crore in the previous financial year 2012-13.

(vii) The turnover of Ashok Events division has decreased to Rs. 10.98 crore (previous year Rs. 17.06 crore) with net profit of Rs. 0.66 crore as against net profit of Rs. 2.94 crore in the previous year.

(viii) The Ashok Institute of Hospitality and Tourism Management (AIH&TM) has achieved turnover of Rs. 8.71 crore as against Rs. 7.76 crore in the Previous year with net profit of Rs. 1.35 crore (previous year net profit of Rs. 0.72 crore).

(ix) The Corporate HQ, being the administrative office has earned an income of Rs. 26.76 crore (previous year Rs. 25.34 crore) mainly consisting of income from Interest on short term deposits with banks from the surplus funds available with it.

## **2 CAPITAL STRUCTURE**

There is no change in authorized and paid up capital of the Corporation. The Authorized Capital of the Corporation is Rs.150 crore and the paid up Share Capital of the Company is Rs.85.77 crore as on 31<sup>st</sup> March, 2014.

## **3 Dividend**

The Board of Directors recommended a dividend of 5% on the equity share capital of the company.

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

Performance of the Company for the year 2012-13 has been notified as 'Fair' with Composite Score 3.844 by Department of Public Enterprises (DPE) in terms of the MOU signed with the Government of India.

#### **5      Management Discussion and Analysis**

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

#### **6      Plan Schemes**

The Revised Capital Budget Estimates towards capital expenditure for 2013-14 was Rs.26.37 crore which included Rs.25.17 crore for renovation/improvement on existing hotels, catering units and other divisions. The capital expenditure during 2013-14 was Rs.1.47 crore out of which Rs. 0.75 crore was capitalized and Rs.0.72 crore was charged to revenue.

The Plan outlay for the year 2014-15 is Rs.71.12 crore out of which Rs.69.17 crore relates to renovation/improvement in existing hotels, catering units, other divisions.

#### **7.      Procurement from MSME**

As per reports received from the different Hotel Units, Procurement from MSME is Rs.13.56 lac during the financial year 2013-14.

#### **8      Implementation of official language policy**

During the year 2013-14, 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. Hindi Kavigoshthi, Hindi Natya Manch and Hindi Prize Distribution Event were also organized to encourage official language in the Corporation.

#### **9      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.

#### **10      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 endeavors made in this direction.

ii. 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.

#### **11      Foreign Exchange Earnings & Outgo**

i. The Direct Foreign Exchange Earnings during the year 2013-14 has decreased to Rs.15.87 crore as against Rs.19.72 crore in the previous year.

## **12      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, (vii) Punjab Ashok Hotel Company Ltd. The Hotel Units were 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.

## **13      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 for attaching the Balance Sheet of Subsidiary Companies with the Parent/Holding Company under Section 212(8) of the Companies Act, 1956 provided certain conditions are fulfilled. In terms of the said circular, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2014 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 financials of the subsidiary companies.

## **14      Board of Directors**

i. During the year, seven Board meetings were held to transact the business of the Company.

ii. During the year under review, Shri Trinath Behera (w.e.f. 26.04.2013) was appointed as Director (Finance) , Dr. (Ms.) T. Kumar, AS&FA-Tourism (w.e.f. 4.9.2013) was appointed as Govt. Nominee Director , Shri Anagolu Venkata Ratnam (w.e.f. 7.10.2013) and Prof. Usha Kiran Rai (w.e.f. 10.12.2013) were appointed as independent directors pursuant to Article 61 of the Articles of Association of the Corporation. Further Shri Girish Shankar, Govt. Nominee Director & Additional Secretary (Tourism) was given the additional charge of the Managing Director w.e.f. 23.04.2013.

iii. During the year under review, Dr. Lalit K. Panwar (w.e.f. 23.04.2013) and Shri J. S. Mathur (w.e.f. 4.9.2013) ceased to be on the Board of Directors. The Board appreciated the valuable services rendered by them during their tenure. The present composition of the Board is as under:

i) Dr. Sameer Sharma, Managing Director w.e.f. 12.05.2014

ii) Cmde (Retd.) R. K. Okhandiar, Director (C&M) w.e.f. 10.07.2012

iii) Shri Trinath Behera, Director (Finance) w.e.f. 26.04.2013

iv) Dr. (Ms.) T. Kumar, Govt. Nominee Director w.e.f. 4.9.2013

v) Shri Girish Shankar, Govt. Nominee Director w.e.f. 06.09.2012

vi) Shri Anagolu Venkata Ratnam, Independent Director w.e.f. 07.10.2013

vii) Prof. Usha Kiran Rai, Independent Director w.e.f. 10.12.2013

iv. Pursuant to Article 61 of the Article of Association, Cmde (Retd.) Shri Trinath Behera, Director (Finance) and Dr. (Ms.) T. Kumar retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Details of profile etc. as required under clause 49 of the Listing Agreement in respect of Directors liable to retire by rotation and seeking re-appointment has given along with the Notice of AGM.

## **15 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)] along with the management reply to qualifications .

## **16 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 31<sup>st</sup> March 2014, 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 31<sup>st</sup> March 2014 on a 'going concern' basis.

## **17 Auditors and Auditor's 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 2013-14 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 2013-14 are given in Annexure- III, IV & V.

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

The Accounts for the financial year ended 31<sup>st</sup> March, 2014 were sent for review by the Comptroller and Auditor General (CAG) of India. Their comments and reply of the Management are awaited and shall be sent as soon as these are received.

## **19 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**

Date : 03.09.2014  
Place : New Delhi

Sd/-	Sd/-
Trinath Behera	(Dr. Sameer Sharma)
Director (Finance)	Managing Director



**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**1. Global and Indian Scenario**

Global Economy is slowly recovering and is projected to expand by 2.8% this year. Indian Economy hovering below 5% is suffering from lower growth due to high inflation, weak currency and slow down in the manufacturing sector.

ii. Despite slowing economy, Tourism in India registered a growth. Foreign Tourist Arrivals (FTAs) in India during 2013 were 697 million with a growth of 5.9% as compared to the FTAs of 6.58 million during 2012 registering a growth of 4.3% over 2011.

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 etc. Further as a promotional wing of the Ministry of Tourism, it also plays a catalytic & pioneering role in the development of tourism infrastructure in the country.

**2 SEGMENT WISE PERFORMANCE**

**A. Hotel Division**

Keeping in view the need to improve upon the existing check & monitoring system and endeavour of the Corporation to provide excellent services to our valued guests Smart Hotel Initiatives like Analytics in Operational departments and Customer focused Innovations like AV Check Out Interview recording have been introduced.

The hotel teams have been relentlessly pursuing the major strategic operational points to put the best foot forward so as to meet the commitment to enhance the guest experience by improving the product and service standards.

ii. As a part of a dual pronged strategy to promote the culinary strengths of ITDC hotels abroad as well as promote Indian cuisine abroad, ITDC successfully participated in over fourteen Culinary Festivals during the year with emphasis on Latin American Countries.

iii. ITDC hotels continued to host important events, conventions as well as special short term festivals. VVIP venues like Hyderabad House, Vigyan Bhawan and The Ashok hosted various important conferences/ prestigious events for various Ministries, Government bodies and corporates successfully. Hyderabad House is the key venue for VVIP events and state Banquets extended to State dignitaries visiting India.

iv. The Amphitheater at The Ashok hosted 'Feel India Campaign', An initiative of Incredible India and ITDC which showcased the myriad shades of Indian Culture through the months of February, March and April 2014 .

v. To celebrate various important events and exhibit the fineries of gastronomy, various festivals and promotions were organized at Restaurants. Some of these are FIFA related food Festivals, Frontier Express Lunch, Easter Special Promotion, Christmas carnival, New Year celebrations, Valentine's Day, Navratra Food festival .

vi. Some of the measures taken for improving the performance are :

- Smart Hotel Initiatives – Guest Check out Audio-Visual Interviews for feedback.
- Customer Relationship Management to increase guest engagement and enhance guest services
- Service monitoring through Analytics at Major departments like Housekeeping, Room Service and Security.
- ISO certification of kitchen at Jammu Ashok, Kalinga Ashok- Bhubaneshwar and Lalitha Mahal Palace Hotel-Mysore has been completed.
- Upgrading of products through utilization of idle capacities like new restaurants on lease base.
- New Convention Centre is being added at Brahmaputra Ashok.

vii. The Ashok, New Delhi won 'National Tourism Award and Today's Traveller Award 2013 for Best Convention Centre. Executive Chef Shri Rajan Loomba has been awarded the Best Chef (4 to 5 Star Deluxe, Heritage Grand and Classic Hotels Category) in the National Tourism Awards 2012-13.

viii. Three new outlets named 'S Pangaea', 'S Nom Nom' and 'Zeroco' have been opened at The Ashok, New Delhi

ix. Lease of some of the properties are going to expire. ITDC is pursuing with the State Governments to renew these leases.

## **B. Ashok Creatives Division**

During the year 2013-14, the Division focused on sourcing more work from its existing clients like Ministry of Tourism, TRIFED and new business from Kendriya Vidyalaya Sangthan and conference business through Ashok Events Division.

ii. Advertisements for inhouse requirements of ITDC Units and Divisions and print production work for ITDC Hotels and Divisions has been undertaken by Ashok Creatives Division.

iii. The Division initiated designing of 'The Ashok Coffee Table Book'- Capital Icon, tracing the glorious six decades of the flagship Hotel's existence. The text writing of the book was assigned to the renowned Travel Writers Huge & Collen Gantzer.

iv. The Ashok Creatives Division is making aggressive marketing efforts to source works from PSUs and Government bodies for new publicity and print production works.

iv. The main constraint is that technical manpower is considerably inadequate and staff needs more exposure to the latest developments in their