



53rd **ANNUAL REPORT** / 2017-18



India Tourism Development Corporation Ltd.

ITDC BOARD OF DIRECTORS



SMT. RAVNEET KAUR - IAS
Chairperson and Managing Director (C&MD)



SHRI PIYUSH TIWARI
Director (Commercial & Marketing)



SHRI PRADIP KUMAR DAS
Director (Finance) & CFO

GOVERNMENT NOMINEE DIRECTORS



SHRI SHAMBHU SINGH - IAS
AS&FA, Ministry of Tourism, Government of India



SMT. MEENAKSHI SHARMA - IA & AS
ADG, Ministry of Tourism, Government of India

INDEPENDENT DIRECTORS



SHRI AJAY SWARUP - Ex-IFS
Former Ambassador



SHRI KARSHANBHAI B. PATEL
Former MLA



DR. PARAGBHAI M. SHETH
MBBS, MD - Radiologist



DR. KAMLA SINGH
Politician & Social Worker



SHRI K. PADMAKUMAR
Politician & Social Worker

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Board of Directors

(As on 31st August, 2018)

Chairperson & Managing Director

Smt. Ravneet Kaur, IAS

Functional Directors

Shri Piyush Tiwari

Director (Commercial & Marketing)

Shri Pradip Kumar Das

Director (Finance) & CFO

Government Nominee Directors

Shri Shambhu Singh, IAS

Smt. Meenakshi Sharma, IA&AS

Independent Directors

Shri Ajay Swarup

Shri Patel Karshanbhai Bhikhabhai

Dr. Paragbhai M. Sheth

Dr. Kamla Singh

Shri K. Padmakumar

Company Secretary

Shri V.K. Jain

Registered Office

Scope Complex

Core 8, 6th Floor

7 Lodi Road

New Delhi-110003

Statutory Auditors

M/s Kishore & Kishore

Chartered Accountants

Flat No.9, 1st Floor

Ansari Market, Darya Ganj

New Delhi- 110 002

Secretarial Auditors

M/s KJ & Associates

Branch Auditors

M/s Deoki Bijay & Co.

M/s K.G. Acharya & Co.

M/s V.J. Choksi & Co LLP

M/s G.S. & Associates

M/s A. Mitra & Associates

M/s Santosh K. Agrawalla & Associates

M/s S.C.J. Associates

M/s B.N. Ashok Kumar & Co

M/s V.K.S. & Associates

M/s P.V.A.R & Associates

M/s K. Munusami & 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

IDBI Bank Ltd.

HDFC Bank

United Bank of India

Syndicate Bank

Axis Bank

ICICI Bank

INDIA TOURISM DEVELOPMENT CORPORATION LTD.

Registered Office: Scope Complex, Core 8, 6th Floor

7 Lodi Road, New Delhi-110003 Telefax: 011-24360249

E-mail: vkjain@itdc.co.in Website : <http://www.theashokgroup.com>

CIN: L74899DL1965GOI004363

Notice

Notice is hereby given that 53rd Annual General Meeting of India Tourism Development Corporation Ltd. will be held on Friday, the 28th September, 2018 at 1100 hours in Ashok Hotel at Convention Hall (Entry from Samrat Hotel through Ashok-Samrat connecting door), New Delhi 110021 to transact the following businesses:-

Ordinary Business

- (1) To receive, consider and adopt the Standalone Financial Statements as at 31st March, 2018 together with the Report of the Auditors, Comptroller and Auditor General of India and the Board's Report thereon.
- (2) To receive, consider and adopt the Consolidated Ind AS Financial Statements as at 31st March, 2018 and Report of Auditors and Comptroller and Auditor General of India thereon.
- (3) To declare a dividend of 18.5% (i.e. ₹ 1.85 per share) aggregating ₹ 15,86,73,390/- on the equity share capital of the company as recommended by the Board of Directors.
- (4) To appoint a Director in place of Shri Piyush Tiwari (DIN 07194427), Director who retires by rotation pursuant to Article 61 of the Article of Association and being eligible offers himself for re-appointment.
- (5) To appoint a Director in place of Shri Pradip Kumar Das (DIN 07448576), Director who retires by rotation pursuant to Article 61 of the Article of Association and being eligible offers himself for re-appointment.

Special Business

- (6) To pass the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the sub-section (2) of Section IV of Schedule IV to the Companies Act, 2013 read with Section 149(7) of the Companies Act, 2013, approval be and is hereby accorded to the appointment of Dr. Paragbhai M. Sheth (DIN 08195292), MD (Radiologist) as Independent Director in the Company w.e.f. 30.07.2018.”

- (7) To pass the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the sub-section (2) of Section IV of Schedule IV to the Companies Act, 2013 read with Section 149(7) of the Companies Act, 2013, approval be and is hereby accorded to the appointment of Shri K. Padmakumar (DIN 06836223), Politician & Social Worker as Independent Director in the Company w.e.f. 30.07.2018.”

- (8) To pass the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the sub-section (2) of Section IV of Schedule IV to the Companies Act, 2013 read with Section 149(7) of the Companies Act, 2013, approval be and is hereby accorded to the appointment of Dr. Kamla Singh (DIN 08205907), Politician & Social Worker as Independent Director in the Company w.e.f. 30.07.2018.”

By Order of the Board of Directors

Place: New Delhi
Dated: 31.08.2018

Sd/-
(V.K. Jain)
Company Secretary
ACS 11270

Notes:

1. Additional information in respect of the Directors seeking re-appointment at the AGM and in respect of Independent Directors, the approval of the appointment of whom are being sought in this AGM, forms part of the Notice.
2. 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. Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/authority as applicable.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can be appointed as proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital carrying voting rights.
3. The Members/Proxies should bring the Attendance Slip, duly filled in and signed, for attending the Meeting.

4. In compliance with provisions of Regulation 44 of SEBI (LODR) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering Remote e-voting facility as well as voting through ballot paper at the meeting to all the Shareholders of the Company whose name is registered as on the Cut-off date i.e. 21st September, 2018 in respect of all items to be transacted at this Annual General Meeting. User ID and Password for electronic voting are being provided by M/s Karvy Computershare Pvt. Ltd., the Registrar & Transfer Agent. The instructions for e-voting are given on the back of the Attendance Slip which is placed separately along with the Annual Report.

All the members are requested to read those instructions carefully before casting their e-vote. Once the vote on a resolution is cast by a Member through Remote e-voting, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote through Remote e-voting, shall be allowed to attend the meeting but shall not be allowed to vote again at the Meeting. Members who have not voted electronically can cast their vote at the meeting through ballot paper.

A person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares on the cut-off date i.e. 21st September, 2018 will also be entitled to cast his vote and may obtain the User ID and password. The manner of obtaining User ID and Password is available on <http://www.theashokgroup.com/Aboutus/InvestorCorner> under newspaper notice.

5. The Register of Directors and KMP and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. Members are requested to:-
 - a) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the Meeting.
 - b) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue.
 - c) note that the attendance slip/proxy form should be signed as per the specimen signature registered with the Company/Karvy Computershare Private Limited, Registrar & Transfer Agent (RTA)/Depository Participant (DP).
 - d) note that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - e) quote their folio/Client ID & DP ID Nos. in all correspondence.
 - f) note that no gifts/coupons will be distributed at the Annual General Meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 24th September, 2018 to Friday, the 28th September, 2018 (both days inclusive) for the purpose of AGM and Dividend payment.

8. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those members whose name appear on the Register of Members as on the closing hours of 23rd September, 2018.
9. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the RTA along with relevant share certificate.
10. Unclaimed dividend for the financial year 2011-12 will be due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) on 07.11.2019 pursuant to the provisions of Section 124 of the Companies Act, 2013.
Members are advised that details of unclaimed dividend in respect of the financial year 2011-12 and upto and including the financial year 2016-17 are available on the Company's website i.e. www.theashokgroup.com under the icon About us-Investor Corner.
Members should write to the company if their dividend warrants in respect of the aforesaid financial year(s) have not been encashed.
11. SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA/Company.
12. Members who are yet to register their e-mail addresses with the Company or with the Depository Participants are once again requested to register the same. Further, Members whose shareholding(s) are in electronic mode are requested to direct changes relating to address, bank mandate and Electronic Clearing Service (ECS) details to their respective Depository Participants.
13. Electronic copy of the Annual Report for 2017-18 along with instructions for e-voting and Attendance Slip are being sent to all the members whose email- IDs are registered with the RTA/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2017-18 are being sent in the permitted mode. Members can also see these documents at the Company's website www.theashokgroup.com under the icon About us - Investor Corner and physical copies of these documents are available at the Company's registered office for inspection during normal business hours on working days. Members who require these documents in physical form in addition to e-communication, may write to us.

14. 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.
 15. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of M/s Karvy Computershare Private Limited to provide the facility of electronic voting ('e-voting') in respect of the Resolutions proposed in this AGM. The Board of Directors of the Company in its meeting held on 13.8.2018 has appointed M/s P.C. Jain & Co (FCS 4103), Practicing Company Secretaries, as the Scrutinizer for this purpose.
 16. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered office of the Company during normal business hours (9.30 am to 5.30 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
- To**
- (i) All Members of India Tourism Development Corporation Ltd.
 - (ii) M/s Kishore & Kishore, Chartered Accountants, Flat No. 9, 1st Floor, Opp. Ram Mandir, Ansari Market, Darya Ganj, New Delhi - 110 002
 - (iii) M/s K.J. & Associates, Company Secretaries, 208, Triveni Complex, E- 10-12, Jawahar Park, Laxmi Nagar, New Delhi- 110 092
 - (iv) M/s P.C. Jain & Co., Company Secretaries, C/o 808, Skylark Building, 60, Nehru Place, New Delhi - 110 019
 - (v) All the Directors on the Board of India Tourism Development Corporation Ltd.
 - (vi) All Stock Exchanges

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013. Item No. (6), (7) and (8)

Pursuant to the power to appoint Directors under Clause 61 of the Articles of Association, the President of India through the Ministry of Tourism vide order 1/2/2015-PSU(T) Vol. I EON 1/2/2015-PSU(T) Vol. II dated 30.07.2018 has appointed Dr. Paragbhai Manoranjanbhai Sheth, (DIN 08195292), MD (Radiologist), Shri K. Padmakumar (DIN 06836223), Politician & Social Worker and Dr. Kamla Singh (DIN 08205907), Politician & Social Worker as Independent Directors on the Board of ITDC for a period of three years from the date of notification of their appointment (i.e. 30.07.2018) or until further orders, whichever is earlier.

Brief Resume of the above said Directors including their expertise, shareholding, directorship in other companies etc. pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 have been given at the end of this Notice.

Section IV of Schedule IV to the Companies Act, 2013 read with Section 149(7) of the Act specifies the manner of appointment of Independent Directors. Sub-section (2) of this Section (i.e. Section IV to Schedule IV) requires that the appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders.

ITDC Board in its 337th Meeting held on 13th August, 2018 has appointed the above said directors under Section 161(3) of the Companies Act, 2013 subject to the approval of the shareholders in the General Meeting of the Company.

Accordingly, approval of the shareholders is being sought to the appointment of Dr. Paragbhai M.Sheth, Shri K. Padmakumar and Dr. Kamla Singh as Independent Directors in the Company.

None of the Directors, Key Managerial Personnel and their relatives except Dr. Paragbhai M.Sheth, Shri K. Padmakumar and Dr. Kamla Singh and their relatives (with respect to their respective appointments) is interested in the resolution.

Details as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 in respect of Directors to be appointed and Directors liable to retire by rotation and seeking re-appointment

Dr. Paragbhai M. Sheth : Dr. Parag Sheth, age 52, is in Medical Profession. He is MBBS, DMRE, MD (Radiologist) and is having 25 years of working experience in his field. He does not hold shares in ITDC and does hold directorship in other companies.

Shri K. Padmakumar : Shri K. Padmakumar, age 54, is a Politician and Social Worker. He has done B.Sc. in Physics from University of Kerala and Diploma in Pharmacy. He had been Chairman of Kerala State Poultry Development Corporation Limited and is/has been holding positions in various welfare State Level Committee/Unions. He does not hold shares in ITDC and does hold directorship in other companies.

Dr. Kamla Singh : Dr. Kamla Singh, age 60, is a Politician and Social Worker. She has done M.A. in Hindi from Kashi Hindu Viswavidyalaya and D. Phil from Allahabad University. She has been in various kind of social services since last 28 years. She does not hold shares in ITDC and does hold directorship in other companies.

Shri Piyush Tiwari: Shri Piyush Tiwari, age 53, is Director (Commercial & Marketing) of our Company since 28th May 2015 and holds a Bachelor's Degree in Electrical Engineering & Master's Degree in Sociology. Earlier, he was Regional Manager (North) and Deputy General Manager of Rastriya Ispat Nigam Ltd., a Navratna PSU under the Ministry of Steel, Govt. of India. In his career spanned over 28 years, Shri Tiwari is credited for administrating major consumption centres of Iron & Steel in India in

all four regions (North, East, West & South) in various capacities. Shri Tiwari has extensive experience in Steel industry in managing Profit Centre Operations, Marketing and Business Development (B2B and B2C) and formulating strategies for growth with an overall business perspective.

Shri Tiwari is also acting as Director and Chairman of 2 Joint Venture Companies of ITDC. He is a Director in one more CPSE (M/s Kumarakruppa Frontier Hotels Pvt. Ltd.) under the administrative control of the Ministry of Tourism. He does not hold any shares in ITDC.

Shri Pradip Kumar Das: Shri Pradip Kumar Das, age 52, is Director (Finance) of our Company since February 25, 2016. He is Member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He also holds post graduate diploma in business management (PGDBM). Prior to joining our Company, he was Deputy General Manager in Rural Electrification Corporation Limited.

Shri Das has also worked with Bharat Heavy Electricals Limited (BHEL), Nuclear Power Corporation Ltd (NPCL), Bharat Heavy Plate and Vessels Ltd (BHPV), Kusum Products Ltd and other organisations. In his career span of 28 years, he has vast experience in various positions in Finance, Banking, Accounts, Audit etc both in public as well as private sectors.

Shri Das is also acting as Director of two Joint Ventures Companies of ITDC. He does not hold any shares in ITDC.

By Order of the Board of Directors

Place: New Delhi
Dated: 31.08.2018

Sd/-
(V.K. Jain)
Company Secretary
ACS 11270

Board's Report (2017-18)

Dear Shareholders,

Your Directors have pleasure in presenting the 53rd Annual Report together with the audited accounts of the Corporation for the year ended 31st March, 2018.

Your Corporation has achieved a total turnover of ₹ 370.64 crore during the financial year 2017-18 as against ₹ 356.11 crore in the previous year 2016-17 (As per Ind AS). During the financial year 2017-18, the Corporation has recorded a Net Profit (after tax) of ₹ 23.62 crore as against Net Profit (after tax) of ₹ 11.43 crore in previous year 2016-17 (As per Ind AS).

Performance Highlights

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

(₹ in crore)		
Particulars	Audited 2017-18	Audited 2016-17
Income from Operations	343.87	330.77
Operating Expenses	348.97	314.29
Operating Profit/Loss	-5.10	16.48
Other Income	26.78	25.34
Profit / Loss before Depreciation, Finance Cost, Exceptional Items and Prior Period Adjustments	21.68	41.82
Depreciation	7.15	6.18
Finance Cost	0.48	0.57

Profit / Loss before Exceptional Items and Prior Period Adjustments	14.05	35.07
Exceptional Items	30.89	-10.86
Profit / Loss before Prior Period Adjustments	44.94	24.21
Provision for Income Tax Deferred Tax	15.98	12.72
	-7.28	-4.63
Provision for Income Tax for earlier years written back	0.05	-0.02
Profit/Loss from Continuing Operations after tax	36.19	16.14
Net Profit/ (Loss) from Discontinuing Operation	-17.78	-7.20
Tax expense of Discontinued Operation	-5.21	-2.49
Net Profit/ (Loss) from Discontinued Operation after tax	-12.57	-4.71
Net Profit/ (Loss) for the period	23.62	11.43
Other Comprehensive Income -		
(i) Items that will not be reclassified to Profit or Loss	-6.28	-1.24
(ii) Income tax relating to items that will not be Reclassified to Profit or Loss	1.79	0.43
Other Comprehensive Income for the Period	-4.49	-0.81
Total Comprehensive Income for the Period	19.13	10.62

During the financial year 2017-18, the Corporation has made a provision of ₹ 22.47 crore (excluding impact of Gratuity and Leave Encashment) towards approval of recommendation of 3rd Pay Revision Committee (PRC).

Note : The Ministry of Corporate Affairs vide its notification dated 16.02.2015 has notified the Companies (Indian Accounting Standards) Rules, 2015 which mandates application of Ind AS (known as Indian Accounting Standards) by the Companies whose equity or debt securities are listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore. In compliance of the said notification, the financial statements for the year ended 31st March, 2018 have been prepared in accordance with Ind AS and figures of Financial Year 2016-17 have been re-cast to make them Ind-AS compliant.

Operating Ratio

The Operating Ratio has increased to 101.48% against 95.02% in the previous financial year.

Division wise Financial Performance

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

- Hotels Division has achieved a turnover of ₹ 269.33 crore during the year as against ₹ 280.98 crore in the previous year and earned the net profit of ₹ 1.45 crore as against the net profit of ₹ 33.66 crore in the previous year.
- The turnover of AIT Division was ₹ 15.03 crore against ₹ 18.36 crore in the previous year. During the year 2017-18, there are 12 duty free shops in operation at seaports i.e. at Goa, Haldia, Kolkata, Chennai, Mangalore, Vishakhapatnam, Mumbai, Paradip, Kakinada, Cochin,

Krishnapatnam and Tuticorin. The AIT division has earned Net Profit of ₹ 0.56 crore as compared to Net Profit of ₹ 3.32 crore in the previous year.

- The turnover of ATT Division has increased to ₹ 24.97 crore (Ind AS) from ₹ 16.31 crore (Ind AS) in the previous year, an increase by 53.1 %. The ATT Division has earned a profit of ₹ 2.22 crore as against the Net Loss of ₹ 18.18 crore in the previous year. The previous year loss was due to the deposit of demand of ₹ 14.99 crore in the 'L' Block property case where the appeal of ITDC before the High Court had been dismissed and the demand has been paid in full.
- The turnover of the Ashok Events Division has been increased to ₹ 37.12 crore (previous year ₹ 36.38 crore) and has earned a Profit of ₹ 4.91 crore as against Net Profit of ₹ 6.07 crore in the previous year.
- The Engineering Division including SEL Projects has achieved a turnover of ₹ 10.12 crore during the year 2017-18 (previous year ₹ 11.04 crore) with Net Loss of ₹ 3.92 crore as against Net Loss of ₹ 3.21 crore in the previous financial year.
- The Ashok Institute of Hospitality and Tourism Management (AIH&TM) has achieved a turnover of ₹ 3.61 crore as against a turnover of ₹ 2.99 crore in the previous year with Net loss of ₹ 0.81 crore (previous year Net Loss of ₹ 0.81 crore).

- vii) The Corporate HQ being the administrative office has earned an income of ₹ 26.68 crore (previous year ₹ 20.81 crore) mainly constituting income from interest on short term deposits with banks from the surplus funds available with it. During the year 2017-18, apart from interest income, HQ has also earned profit from disinvestment of hotel units/subsidiary companies of ₹ 24.13 crore.

Note : Division-wise Turnover and Profit comprises of Turnover and Profit of both Continuing as well as Discontinued Operations.

Capital Structure

There is no change in authorized and paid-up share capital of the Corporation. The Authorized Share Capital of the Corporation is ₹ 150 crore and the paid-up Share Capital is ₹ 85.77 crore as on 31st March, 2018.

Dividend

The Board of Directors recommended a dividend of 18.5% for the financial year 2017-18 on the equity share capital of the Company.

Transfer to Reserve

No amount has been transferred to the General Reserves.

Rating of ITDC vis-à-vis MoU targets

Performance of the Company for the year 2016-17 has been notified as 'Good' with Composite Score 56.35 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**.

Procurement from MSME

The Corporation has partly complied with guidelines issued by DPE in this regard in view of nature of operations and products/services consumed by the Corporation.

Implementation of Official Language Policy

During the year 2017-18, 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 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 Parv (Fortnight) celebrations for giving impetus to the use of official language in day to day work. A cultural programme and Hindi Kavigoshti were organized at Hotel The Ashok on 18th October, 2017 to celebrate "Hindi Parv" which included performances by prominent Hindi poets as well as various performances like songs, drama etc. by ITDC's own employees besides Rajbhasha Prize Distribution Function to encourage Official language in the Corporation.

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.

Since your Company's operations do not involve technology absorption, the particulars as per Rule, 8(3)(b) of the Companies (Accounts) Rules, 2014 regarding technology absorption, are not applicable.

Foreign Exchange Earnings & Outgo

The Direct Foreign Exchange Earnings during the year 2017-18 has increased to ₹ 15.27 crore as against ₹ 15.20 crore in the previous financial year.

Subsidiary Companies

As on 31.03.2018, the Corporation has five subsidiary companies viz. (i) Donyi Polo Ashok Hotel Corporation Ltd (ii) Pondicherry Ashok Hotel Corporation Ltd (iii) Ranchi Ashok Bihar Hotel Corporation Ltd. (iv) Utkal Ashok Hotel Corporation Ltd. (v) Punjab Ashok Hotel Company Ltd. The Hotel Units were set up under the aforesaid subsidiary companies at Itanagar, 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. Due to continuous losses, the operations of Hotel Ranchi Ashok have also been closed w.e.f. 29.03.2018. Further, ITDC signed Share Transfer Agreement on 17.05.2018 for transferring its 51% equity stake in Donyi Polo Ashok Hotel Corporation Ltd. to the Govt. of Arunachal Pradesh. Thus, presently ITDC has following four subsidiary companies :

- (i) Pondicherry Ashok Hotel Corporation Ltd
- (ii) Ranchi Ashok Bihar Hotel Corporation Ltd. (Operation is closed).

- (iii) Utkal Ashok Hotel Corporation Ltd (Operation is closed)
- (iv) Punjab Ashok Hotel Company Ltd. (Incomplete Project)

The Annual Accounts of all the subsidiary companies have been audited and finalized and the Consolidated Annual Accounts have been prepared and presented in this Annual Report. A statement containing the salient features of the subsidiaries in the prescribed format forms part of the Consolidated Annual Accounts 2017-18.

Vigil Mechanism and Whistle Blower Policy

The Corporation has a Whistle Blower Policy which is posted on the website <http://www.theashokgroup.com/Aboutus/rti>. Being a Central Public Sector Enterprise, the Corporation has a Vigilance Department. Chief Vigilance Officer, the Head of the Vigilance Division, is under the direct control of the Central Vigilance Commission (CVC), an independent Govt. Agency.

Board of Directors

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

The Board presently comprises of ten Directors i.e., Chairperson & Managing Director, Director (C&M), Director (Finance), two Government Nominee Directors and five Independent Directors as under:

A) Executive Directors

1. Smt. Ravneet Kaur, (IAS) has been appointed as Chairperson & Managing Director w.e.f. 24.07.2017

2. Shri Piyush Tiwari, Director (C&M) w.e.f. 28.05.2015

3. Shri Pradip Kumar Das, Director (Finance) w.e.f. 25.02.2016

B) Non-Executive Directors

(a) Part-time Government Nominee Directors:

1. Shri Shambhu Singh, IAS from 10.08.2018

2. Smt Meenakshi Sharma (IA&AS), from 11.07.2016

(b) Independent Part time Directors:

1. Shri Ajay Swarup from 08.08.2016

2. Shri Patel Karshanbhai Bhikhabhai from 08.08.2016

3. Dr. Paragbhai M. Sheth from 30.07.2018

4. Shri K. Padmakumar from 30.07.2018

5. Dr. Kamla Singh from 30.07.2018

As per disclosure received from the Directors, the Directors are not related to one another.

Pursuant to Article 61 of the Article of Association, Shri Piyush Tiwari and Shri Pradip Kumar Das retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Further, approval of the shareholders is being sought to the appointment of Dr. Paragbhai M.Sheth, Shri K. Padmakumar and Dr. Kamla Singh as Independent Directors in the Company as required under Section IV of Schedule IV to the Companies Act, 2013 read with Section 149(7)

of the Companies Act, 2013. Details of profile etc. as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 in respect of Directors the approval of the appointment of whom are being sought in this AGM and the profile of Directors liable to retire by rotation and seeking re-appointment have been given at the end of the Notice of AGM.

Training Policy and the training imparted to the Directors

The Corporation has formulated a training policy for Board Members. As per the policy, ITDC offers training programmes organized by SCOPE and DPE to the Board Members. Further, on induction of non-official Directors, ITDC may also arrange training on the role and responsibilities of Directors from the professional institutes like ICAI, ICSI, ICMAI, IIM, SCOPE etc.

During the financial year 2017-18, Non-official Directors did not participate in any training programme organized by DPE.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015.

Board Evaluation

The evaluation of the Board as a whole and the Independent Directors is conducted on the basis of criteria and framework laid down by the Nomination & Remuneration Committee of the Board. Based on the evaluation criteria laid down by the Committee, the performance

evaluation of the Board is measured in six areas. The performance evaluation of the Independent Directors is measured also in six areas based on questionnaire designed on a scale of 1 to 5.

Particulars of loans, guarantee or investments

During the year under review, ITDC released loan of total ₹ 9,00,000/- on 27.04.2017 at a rate of interest of 12.5% per annum to M/s Utkal Ashok Hotel Corporation Ltd., a subsidiary of ITDC for meeting out payment towards ESI, Security Services, Advocates Fees and others and a loan of ₹ 96,39,000/- at a rate of interest of 12.5% per annum to M/s Ranchi Ashok Bihar Hotel Corporation Ltd. towards working capital and payment of unpaid salaries of staff.

Corporate Governance

As per the requirement of Clause C of Schedule V to SEBI (LODR) Regulations, 2015, 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 Regulation 17(8) of SEBI (LODR) Regulations, 2015]; and
- (ii) Certificate from the Company's Auditors [Clause E to Schedule V to SEBI (LODR) Regulations, 2015] along with the management reply to observations.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed: -

- that in the preparation of the accounts for the financial year ended 31st March, 2018, 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, 2013 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, 2018, on a 'going concern' basis;
- that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Corporation has adequate internal control system commensurate to its nature of business. Board has laid down adequate policies

and procedures such as Licensing Procedure, Purchase Procedures, Engineering & Works Manual, Delegation of Powers etc. for ensuring the orderly and efficient conduct of business.

Professional services of Chartered Accountant Firms are availed to conduct Internal Audit of all units/verticals of ITDC. A detailed Internal Audit manual duly approved by the Board of Directors has been circulated to all the units.

Internal Auditors monitor and evaluate the efficacy and adequacy of the internal checks & control systems. Quarterly Internal Audit Reports are submitted by Internal Auditors. Corrective actions, wherever required, are taken by the units/verticals. Significant observations, if any, are reported to the Audit Committee.

Related Party Transactions

There are no materially significant related party transactions reportable under Section 188 of the Companies Act, 2013. The Audit Committee and the Board have approved a policy on materiality of the related party transactions, which is posted on the website of the company <http://www.theashokgroup.com/Aboutus/Investorcorner>.

Disclosure as per OM of Ministry of Parliamentary Affairs

In compliance with the OM F.No. 28(1)/2016-Leg.I dated 24.01.2018 of Ministry of Parliamentary Affairs, Government of India on the recommendations made by the Committee on Papers Laid on the Table (Rajya Sabha), details related to vigilance cases, Audit Objections and RTI matters etc. are required to be included in

the Annual Report of the Company. The relevant details are as under :

Vigilance Cases

Number of Vigilance cases disposed off during the financial year 2017-18 are eight whereas the pending Vigilance/Disciplinary cases are six. The gist of the nature of such cases are that delinquent official failed to ensure the running of private licensees as per the agreement at Hotel, irregularities pertaining to installation of Wi-fi system at ITDC Hotels, irregularities in approving technical sanction while tendering for laying out of the Carpet at Ashok Hotel, irregularities in the payment of retention money to the party etc.

Audit Objections

There are total outstanding 126 para pending for resolution with CAG.

RTI Matters

The Corporation is a Public Authority under Clause (h) of Section 2 of Right to Information Act, 2005. The Corporation has taken necessary steps for the implementation of the Right to Information Act, 2005. The Corporation is in compliance with the RTI Act, 2005.

Report under Section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During 2017-18, no case was registered.

Corporate Social Responsibility and Sustainable Development

The CSR activities undertaken during the financial year 2017-18 are as follows:

(i) Red Fort, Old Fort and Qutub Minar were adopted under CSR activities to maintain cleanliness and to educate visitors about importance of cleanliness.

(ii) Contribution to Prime Minister's National Relief Fund.

The Annual Report on CSR Activities and the Report on the Sustainable Development Activities are annexed as **Annexure III**.

Risk Management Policy and its Implementation

ITDC Board in its meeting held on 11th May, 2010 has laid down the Risk Management Policy laying down a sound process for identification and mitigation of risks. In accordance with the policy, the unit head of all strategic divisions have been nominated as Risk Manager and a committee namely Risk Management Compliance Committee (RMCC) presently headed by Director (C&M) has been constituted to oversee and ensure compliances with the risk management policy of the Corporation.

Company's specific risks (Level of Risks : High/Likely) as was placed in the Board Meeting held on 08.09.2017:

Economic Risk:

- More Dependence on one segment of clients i.e. Government
- Change in Government strategy to invite participation from private entities by following tendering route
- Loss of Chain/Group advantage

Personnel Risk: Non-availability of adequate skill sets and depleting manpower in Key positions.

Legal Risk:

- Repeated assessment by the Statutory Authorities
- Result of contractual obligations
- Overdependence on contractual manpower due to depleting strength of permanent manpower
- Unavoidable litigation in estate related issues
- Huge number of cases pending in courts as well as in arbitration

Management & Operational Risk:

- Very Low IT environment in Corporation
- Low Vendor Base

Auditors and Auditor's Report

The Comptroller & Auditor General of India has appointed M/s Kishore & Kishore, Chartered Accountants as Statutory Auditors of the Company and also various Branch Auditors for the year 2017-18 under 134(5) of the Companies Act, 2013. The Management's replies to the comments and observations of the Statutory Auditors on the accounts (Standalone) for the year 2017-18 are given in **Annexure IV**.

Secretarial Auditor and Secretarial Audit Report

ITDC Board in its meeting held on 27th March, 2018 has appointed M/s K J & Associates, Company Secretaries as the Secretarial Auditors for conducting the Secretarial Audit as required under Section 204 of the Companies Act, 2013. The Secretarial Audit Report is placed at **Annexure-V** and Management replies to the