

MEMORANDUM OF UNDERSTANDING

2011-12

India Tourism Development Corporation Ltd.

MEMORANDUM OF UNDERSTANDING (2011-12)

BETWEEN

INDIA TOURISM DEVELOPMENT CORPORATION LTD.

AND

MINISTRY OF TOURISM

PART – I

MISSION

To provide leadership and play a catalytic & pioneering role in the development of tourism infrastructure in the country and to achieve excellence in its strategic business units through professionalism, transparency, value for money based customer-focused services; be future ready in ever-changing & evolving dynamic global tourism scenario.

OBJECTIVES

- To function as an efficient organization with improved productivity levels and profit margins.
- To be a major player in the development of tourism infrastructure in the Country.
- To diversify into hospitality education sector with an aim to make ITDC as Hospitality & Skill Development Major
- To rationalize/right size the human workforce and investment in HR development.
- To create value for the shareholders.
- To ensure customer delight by providing value for money.

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PART – II

DELEGATION OF POWERS

ITDC will have the powers given under various orders of the Department of Public Enterprises to MOU signing companies from time to time: No additional powers are required for the present.


PART – III

PERFORMANCE CRITERIA/TARGETS

Keeping in view the Mission and Objectives, MOU Performance Criteria & Targets for the year 2011-2012 are given in Performance Matrix.

The obligations of ITDC as stated in Part III are based on the following assumptions:

- All existing 8 ITDC owned hotels, 2 managed properties, 1 restaurants, 3 catering establishments, 5 duty free shops. 11 ATT units presently in operation will remain with ITDC during 2011-12.
- Other existing Strategic Business Units (SBUs) of ITDC will remain operational during 2011-12.

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PART-III

INDIA TOURISM DEVELOPMENT CORPORATION LTD.

MOU PERFORMANCE TARGETS & EVALUATION CRITERIA FOR 2011-12

Sl. No.	Evaluation Criteria	Unit	Weight (Out Of out of 100	MOU TARGETS 2010-2011	B.E. 2011-12	MOU TARGETS 2011-12						
						Excellent	Very Good	Good	Fair	Poor		
1	STATIC FINANCIAL PARAMETERS (50%)											
a)	Financial Indicators - Profit related ratios											
	(i) Gross Margin/Gross Block	Percentage	2	11.93	34.25	35.96	34.25	32.54	30.91	29.37		
	(ii) Net Profit/Net Worth	Percentage	10	3.21	11.96	12.56	11.96	11.36	10.79	10.25		
	(iii) Gross Profit/Capital Employed	Percentage	10	5.52	21.90	23.00	21.90	20.81	19.76	18.78		
b)	Financial Indicators - size related											
i)	Gross Margin											
	Hotels	Rs./Crores	3	18.72	65.18	68.44	65.18	61.92	58.82	55.88		
	Ashok Travels & Tours	Rs./Crores	2	1.02	0.68	0.71	0.68	0.65	0.62	0.59		
	Hqrs. & Others Divisions	Rs./Crores	3	5.03	9.14	10.85	9.14	7.43	5.56	3.53		
	Total			24.77	75.00	80.00	75.00	70.00	65.00	60.00		
ii)	Gross Sales											
	Hotels	Rs./Crores	1.5	263.84	335.70	352.49	335.70	318.92	302.97	287.82		
	Ashok Travels & Tours	Rs./Crores	1	87.37	89.50	93.98	89.50	85.02	80.77	76.73		
	Hqrs. & Others Divisions	Rs./Crores	1.5	211.52	114.80	118.53	114.80	111.06	106.26	100.45		
	Total			562.73	540.00	565.00	540.00	515.00	490.00	465.00		
c)	Financial Returns-Productivity related											
	(i) PBDIT/Total Employment	Rs./Lakhs	7	1.16	3.64	3.82	3.64	3.47	3.29	3.13		
	(ii) Added value/Gross sales	Percentage	9	-0.30	8.32	8.74	8.32	7.92	7.53	7.15		
	Total Static Financial Parameters		50									

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Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	MOU TARGETS 2010-2011	B.E. 2011-12	MOU TARGETS 2011-12									
						Excellent	Very Good	Good	Fair	Poor					
2	DYNAMIC PARAMETERS														
d	<u>Research & Development</u>														
	(i) Completion of study on implementation of an online reservation and hotel management system	Date	1.5	-	30.11.11	30.09.11	30.11.11	31.01.12	29.02.12	31.03.12					
	(ii) Placing of order for implementation of Report on online reservation	Date	1.5	-	31.01.12	30.11.11	31.01.12	31.03.12	-	-					
	(iii) Installation of Hotel Management System at Janpath Hotel & Ashok Hotel	Date	1	-	31.01.12	30.11.11	31.01.12	31.03.12	-	-					
	(iv) Expenditure on R&D	Rs/Crore	1	-	0.75	1.00	0.75	0.50	0.25	-					
e	<u>Sustainable Development</u>														
	(i) Installation of ETP Plants in one hotel	Date	1	-	31.01.12	31.12.11	31.01.12	29.02.12	31.03.12	-					
	(ii) Installation of rain water harvesting system in one hotel	Date	1	-	31.01.12	31.12.11	31.01.12	29.02.12	31.03.12	-					
	(iii) Installation of Solar Heating with water softening in one hotel	Date	1	-	31.03.12	29.02.12	31.03.12	-	-	-					
	(iv) Starting linen reuse program in all guest rooms in ITDC owned hotels	Date	1	-	31.10.11	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12					
	(v) Replacement of incandescent bulbs with compact fluorescent bulbs in all ITDC owned hotels outside Delhi	Date	1	-	30.11.11	31.10.11	30.11.11	31.12.11	31.01.12	29.02.12					
f	<u>Corporate Social Responsibility</u>														
	Expenditure on CSR activities :														
	(i) Ashok ITDC Fellowship for training programmes including 'Hunar-Se- Rozgar' for Physically challenged & septicated/widows, SCs, STs, Minorities etc.	Rs./Lakh	2.5	22.50	11.25	12.50	11.25	11.00	10.00	9.50					
	(ii) Implementation of recommendations of agreement with Swayam	Rs./Lakh	2.5	-	11.25	12.50	11.25	11.00	10.00	9.50					
g	<u>Corporate Governance</u>														
	(i) Submission to PE Survey data to DPE	Date	1	-	01.10.11	15.09.11	01.10.11	15.10.11	31.10.11	31.01.12					
	(ii) Code of Ethics for Senior Management	Date	1	-	31.10.11	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12					
	(iii) Formation & Implementation of Whistle Blower Policy	Date	1	-	31.10.11	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12					
	(iv) Timely conduct of Board Meeting and Audit Committee Meeting	Number	2	-	8	10	8	6	4	2					

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Sl. No.	Evaluation Criteria	Unit	Weight (Out Of 100)	MOU TARGETS		MOU TARGETS 2011-12			
				2010-2011	B.E. 2011-12	Excellent	Very Good	Good	Fair

h <u>Human Resource</u>										
(i)	Representation of Minority in new recruitment	%	1	-	6	8	6	4	2	-
(ii)	Completion of Training need analysis of Employees (TNA) by an external agency	Date	1	-	31.10.11	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12
(iii)	Employees Training & Motivation Programs as per TNA	Nos.	2	-	4	5	4	3	2	1
(iv)	Average employees per room	Nos.	1	-	2	1.5	2	2.5	3	3.5
i <u>Quality</u>										
	ISO Certified Kitchen at outside Delhi based hotels	Number	1	-	1	2	1	-	-	-
j <u>Customer Satisfaction</u>										
(i)	Development of Customer Satisfaction Index appropriate for all ITDC Hotels and Subsidiaries	Date	2	-	31.07.11	30.06.11	31.07.11	31.08.11	-	-
(ii)	Start of Implementation of Customer Satisfaction Index by outside agency	Date	1	-	31.12.11	30.11.11	31.12.11	31.01.12	-	-
(iii)	Customer Satisfaction	%	1	80	86.10	94.70	86.10	81.80	77.71	73.82
(iv)	Study for Customer Satisfaction by outside expert	Date	1	31.01.12	31.01.12	30.11.11	31.01.12	31.03.12	-	-
k <u>Project Implementation (Modernisation and Expansion)</u>										
1)	Improvement of lobby of Hotel Jaipur Ashok	Date	1	-	30.03.12	29.02.12	30.03.12	-	-	-
2)	Modernisation/Installation of SEL Shows	Number	1	2	2	1	2	-	-	-
l <u>Capital Expenditure/Greenfield Investment/ Joint Ventures</u>										
(i)	Setting up Indian Tourism Security Academy at Kosi	Date	2	-	31.07.11	30.06.11	31.07.11	31.08.11	30.09.11	31.10.11
(ii)	Installation of CNG cum Diesel DG set at Hotel Samrat	Date	1	-	29.02.12	31.01.12	29.02.12	31.03.12	-	-
(iii)	Installation of DG set in Jammu Ashok	Date	1	-	30.06.11	31.05.11	30.06.11	31.07.11	31.08.11	30.09.11
m <u>Extent of Globalisation</u>										
(1)	Opening Duty Free Shops at seaports	Number	2	-	1	2	1	-	-	-
(2)	Handling Conference/Exhibitions	Number	2	53	60	66	60	57	54	51

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