



NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of Tourism Finance Corporation of India Ltd. will be held on Wednesday, the 18th day of July, 2012 at 2.00 p.m. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the financial year ended March 31, 2012.
3. To appoint a director in place of Smt. Shashi Sharma, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a director in place of Shri R. P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Shri V. P Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of 23rd Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** M/s. S. S. Kothari & Associates, Chartered Accountants (Registration No. 305147E), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of 23rd Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as decided by the Audit Committee of the Board.”

SPECIAL BUSINESS:

7. To appoint Shri Shivendra Tomar as Managing Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, read with the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) the consent of the members of the Company, be and is hereby accorded for appointment of Shri Shivendra Tomar as Managing Director of the Company for a period of 5 years w.e.f. February 27, 2012 on his existing terms and conditions of appointment as set out in the Explanatory Statement annexed hereto.”

“**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to increase alter and to vary the remuneration consisting salary, perquisites, allowance etc. including the monetary value thereof as may be permitted or authorized in accordance with the provisions of the Companies Act, 1956, for the time being in force, provided however, that the remuneration payable to Shri Shivendra Tomar shall be within the limits as prescribed in Schedule XIII of the Companies Act, 1956.”

“**RESOLVED FURTHER THAT** notwithstanding anything contained to the contrary in the Companies Act, 1956 where in any financial year the Company has no profit or inadequate profit, Shri Shivendra Tomar will be paid minimum remuneration within the ceiling limits prescribed under Scheduled XIII of the Companies Act, 1956 or any modification or re-enactment thereof.”

“**RESOLVED FURTHER THAT** in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII of the Companies Act, 1956, the Board of Directors or Committee thereof, be and is hereby authorized to vary or increase the remuneration including salary, perquisites, allowances etc. within such prescribed limit in order to give effect to such modification(s) relaxation(s) or variation(s) without any further reference to the Company in General Meeting.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board in the best interest of the Company, as it may deem fit.”

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** in supersession of the earlier resolution passed at the Seventh Annual General Meeting held on August 28, 1996, the consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Article 76, 77, 78 and 79 of the Articles of Association of the Company for borrowing from time to time any sum of money including from Commercial Banks, Financial Institutions, Mutual Funds, Public Financial Institutions, Promoters, Foreign Financial Institutions, Provident Fund Trusts, Pension Funds or from any other person(s) or entities as term loans, through Commercial Paper, through issue of Non convertible Bonds, Debentures



on private placement basis, whether within India and/or abroad, notwithstanding that the money/monies to be borrowed together with monies already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/monies so borrowed by the Board shall not at any time exceed the limit of ₹3000 Crore (Rupees Three Thousand Crore only).”

“**RESOLVED FURTHER THAT** the Board of Directors or any Committee thereof/person(s) authorized by the Board, be and is/are hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

By order of the Board of Directors

Date: May 16, 2012
Place: New Delhi

(Rajiv Singh)
Sr. Company Secretary

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.*
2. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the business under item no. 7 & 8 are annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. In terms of Article 135 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Smt. Shashi Sharma,, Shri R. P. Singh and Shri V. P. Singh, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.
5. Brief profile of all the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanship of Board Committees, shareholding and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed herewith.
6. Members seeking any information with regard to accounts or operations are requested to write to the Company at least 10 days in advance, to enable the Company to keep the information ready.
7. Members are requested to
 - (a) bring their attendance slip along with their copy of annual report to the meeting.
 - (b) note that all correspondence relating to share transfer should be addressed to Registrar & Share Transfer Agents of the Company, MCS Limited at F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020.
 - (c) quote their DP ID No./Client ID No. or Folio Number in all correspondence.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the Company on all working days, except Saturdays, between 11.00 a.m. to 1.00 p.m. up to the date of the meeting.
9. (a) The Register of Members and Share Transfer Books of the Company will remain closed from July 14, 2012 to July 18, 2012 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956 for the purpose of Annual General Meeting and for determining the names of members eligible for dividend on Equity Shares, if declared at the meeting.
 - (b) The dividend on Equity Shares, if declared at the Meeting, will be paid to those members holding shares
 - (i) in physical form, if their names appear in the Register of Members as on July 18, 2012 and
 - (ii) in dematerialized/electronic form, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by the Depositories i.e National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business on July 13, 2012.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in address immediately to the Company/ Registrar & Share Transfer Agent, M/s MCS Limited.
11. Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed and unpaid for a period of 7 years from the date of payment is required to be transferred to the **Investor Education and Protection Fund (the IEPF)** established by the Central Government. Members who have not yet encashed their dividend warrants for the previous years, are requested to make their claims to the Company immediately. Members may please note that no claims



shall lie either against the Company or the Registrar and Transfer Agents in respect of dividends which remain unclaimed and unpaid for a period of 7 years from the date of payment and no payment shall be made in respect of such claims. The due date of transfer of unclaimed and unpaid dividend in IEPF is as follows:

Date of Declaration of Dividend	Due date of transfer in IEPF A/c
21.09.2007	21.10.2014
12.09.2008	12.10.2015
19.09.2009	18.10.2016
17.09.2010	17.10.2017
13.09.2011	13.10.2018

12. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company.
13. The Securities and Exchange Board of India (SEBI) has made the submission of Permanent Account Number (PAN) mandatory 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 Company/Registrar and Transfer Agents M/s MCS Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO: 7

Pursuant to the order of the Hon'ble High Court of Delhi dated December 16, 2011, the Board of Directors in its meeting held on January 21, 2012 decided to invite application(s) for the post of Managing Director of the Company. Accordingly, public advertisements were issued in national newspapers. The Selection Committee in its meeting held on February 14, 2012, while considering the profile of the applicants, found the profile of Shri Shivendra Tomar, the existing Managing Director of the Company, the most appropriate for the post. Accordingly, the Selection Committee decided to recommend to the Board that the present Managing Director of the Company be appointed as Managing Director of the Company in compliance with the order of Hon'ble High Court of Delhi. The Board of Directors in its meeting held on February 27, 2012, while considering the recommendation of the Selection Committee, appointed Shri Shivendra Tomar as Managing Director of the Company w.e.f. February 27, 2012 for a period of 5 years on the following terms and conditions:

(A) Salary : ₹2,00,000/- p.m. with annual increment of 12.5% of the salary.

(B) Perquisites

- (i) Housing: Rent free furnished accommodation along with benefit of gas, fuel, water, electricity, telephone, internet and fax, as also upkeep and maintenance of the Company's furnished accommodation.

or

House Rent allowance (HRA) equal to 60% of the salary or if he offers a house in his own name/spouse, the same may be taken on lease limited to 60% of the salary.

- (ii) Medical Reimbursement: Reimbursement of medical expenses for self and family including dependent parents/children, at actual, in India.
- (iii) Leave Travel Allowance: Leave Travel Allowance will be paid by the Company for self and family including dependent parents/children once in two years.
- (iv) Club Fees: Reimbursement of club fees, subject to maximum of two clubs.
- (v) Personal Accident Insurance Policy subject to annual premium upto ₹20,000/-.
- (vi) Furniture at residence upto ₹5.00 Lakh and payment of 5% annual maintenance allowance on self certification basis with option to repurchase at book value after 5 years or on retirement whichever is earlier.

(C) Other Benefits

- (i) Contribution to Provident Fund in accordance with the rules of the Company. The contribution to Superannuation Fund/Annuity Fund will be 15% of the salary.
- (ii) Gratuity at the rate not exceeding one month salary for each completed year of service subject to the monetary limit prescribed under the Payment of Gratuity Act, 1972 and the rules of the Company.
- (iii) Car with the services of a Driver to be maintained by the company for official use. The permissible limit for personal use would be 1000 km per month with an annual ceiling of 12000 kms.
- (iv) Telephone/fax/internet facility-at actual.
- (v) Leave/Leave salary as per the rules of the Company. Entitled to encash accrued earned leave at the time of retirement.
- (vi) The performance incentive would be decided by Remuneration Committee of the Board on a year to year basis based on the performance of the Company.
- (vii) Commission on profit, if any decided by the Board on yearly basis subject to and within the ceiling as may be approved by the shareholders.
- (viii) Any or all allowance, perquisites and benefit under the appropriate schemes and rules applicable generally to officers of the company provided however that the total remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

(D) The appointment may be subject to termination by 3 months notice in writing on either side or three months' pay in lieu thereof.

As per the requirement of the Companies Act, 1956, the appointment of Managing Director is required to be approved by the shareholders in the General Meeting. Your Directors recommend the resolution for approval of the shareholders including the conditions as stated above.



Except the director named in the resolution, no other Director of the Company is, in any way, concerned or interested in the proposed resolution.

ITEM NO: 8

The Borrowing powers of the Board of Directors were fixed at ₹1500 Crore by a resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Seventh Annual General Meeting held on August 28, 1996.

The Board feels that in view of expanding business, the borrowing powers of the Company need to be suitably raised to ₹3000 Crore. In terms of Section 293(1)(d) of the Companies Act, 1956, enhancement of the borrowing powers of the Board beyond the aggregate of the Paid up capital and free reserve, requires approval of the shareholders and hence this resolution.

None of the Director is, in any way, concerned or interested in the said resolution.

The Board recommends the resolution set forth in item no. 8 for the approval of the members.

By Order of the Board of Directors

Date: May 16, 2012
Place: New Delhi

(Rajiv Singh)
Sr. Company Secretary

BRIEF PROFILE OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT

Smt. Shashi Sharma

Smt. Shashi Sharma, aged 51 years, is a Chartered Accountant and holds a Graduate Degree in Commerce from Shri Ram College of Commerce, Delhi University. She is a Certified Treasury Manager from Institute of Chartered Financial Analysts of India. She is an Alumni of London Business School, London. She is also a member of the Corporate Bond Securitization Advisory Committee set-up by SEBI. Presently, Smt. Shashi Sharma is working as Executive Director in IFCI Ltd. heading treasury, investment, resources, accounts and IT department of IFCI and is also Chairperson of various Internal Committees in the organization. Before joining IFCI, she had worked in MMTC Ltd. (a Public Sector Undertaking) for 11 years in various departments. She does not hold any share in your Company. She is Director of your Company since May 16, 2011.

Shri R. P. Singh

Shri R.P. Singh, aged 59 years, has a rich and varied experience of over 33 years in project finance, financial services and asset securitization including 15 years of extensive experience in NPA management and resolution.

Over the years, he has held various important positions at the tactical and strategic levels in IFCI. In the past, he held the position of Managing Director of IFCI Financial Services Ltd. At present, Shri R.P. Singh is heading Asset Care & Reconstruction Enterprise Ltd. as its Chief Executive Officer (CEO). He does not hold any share in your Company. He is Director of your Company since May 16, 2011.

Shri V. P. Singh

Shri V. P. Singh, aged 74 years, has more than 45 years of experience in legal practice. He is designated as Senior Advocate. He practices in High Courts and Supreme Court. He is also on the Board of National Co-operative Union of India, Delhi State Co-operative Bank and President of Delhi State Co-operative Union. He was also associated with International Co-operative Alliance, Geneva, affiliated to United Nations. He does not hold any share in your Company. He is Director of your Company since May 16, 2011.

Shri Shivendra Tomar

Shri Shivendra Tomar, aged 45 years, is M. Com and MBA from Aligarh Muslim University (AMU). He has more than 20 years of experience in financial services covering areas in appraisal, credit administration, NPA and recovery management, investment banking, resources mobilization and liability management along with project conceptualization, planning and development.

In the year 2001, he joined IFCI, where he worked in various departments such as Resources, Liabilities, Restructuring, Corporate Advisory, Credit and Recovery management before joining IFCI Infrastructure Development Ltd.(IIDL), as Chief Operating Officer in February 2008. Based on his performance, he was elevated to the post of Chief Executive Officer and subsequently, to the post of Managing Director w.e.f September 2010.

In May 2011, he joined the Board of Tourism Finance Corporation of India Ltd.

The other Directorships/Committee memberships of Shri Shivendra Tomar are as follows:

Name of Company	Board Membership	Committee Membership
GIC Housing Finance Ltd.	Nominee Director	-
IFCI Infrastructure Development Ltd.	Director	-
Jangipur Bengal Mega Food Park Ltd.	Director	-
IIDL Realtors (P) Ltd.	Director	-

Shri Shivendra Tomar holds 100 Equity Shares of your Company.

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and issued circulars stating that the service of notice/documents including Annual Reports can be sent through e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants and in respect of holding in physical mode with the Company/Registrar and Share Transfer Agent of the Company.



DIRECTORS' REPORT

To the Members:

1. Presentation of the Annual Report:

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company and the audited accounts for the financial year 2011-12.

2. Financial Results:

	(₹ in Lakh)	
	2011-12	2010-11
Total Income	13032.33	10952.94
Total Expenditure	7324.12	5422.97
Add: Excess provision written Back	600.00	1350.00
Profit before Tax	6308.21	6879.97
Provision for Tax	1361.25	2438.93
Profit After Tax	4946.96	4441.04
Less: Provision for doubtful debts u/s36(1)(viiia) of the Income Tax Act, 1961	199.00	269.49
Surplus Brought Forward	755.91	327.39
Profit Available for Appropriation	5503.87	4498.94
Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	971.00	1229.09
Special Reserve u/s 45 IC of RBI Act	989.39	888.21
General Reserve	1000.00	500.00
Proposed Dividend	968.60	968.60
Dividend Tax	157.13	157.13
Balance Carried to B/S	1417.75	755.91
	5503.87	4498.94

3. Performance

The operational performance of your Company has improved over the previous year despite difficult business environment. The gross income has gone up by 19% during the year under review as compared to corresponding previous year. Your Company has achieved a growth of 11.40% in Net Profit After Tax (PAT) over the corresponding previous year figure. It is worth mentioning that the Company has achieved this performance without any extra-ordinary income as against a substantial amount of ₹16.20 Crore during the previous financial year 2010-11. The total sanctions of ₹779.98 Crore were made during the financial year 2011-12 comprising of project-related sanctions of ₹718.80 Crore and average investment in liquid funds amounting to ₹61.18 Crore

(previous year ₹738.16 Crore comprising of project-related sanctions of ₹671.05 Crore and average investment in liquid funds amounting to ₹67.11 Crore). TFCI has made disbursement of ₹563.24 Crore during the financial year 2011-12 comprising of project-related disbursements of ₹502.06 Crore and average investment in liquid funds amounting to ₹61.18 Crore (previous year ₹378.75 Crore comprising of project-related disbursements of ₹311.64 Crore and average investment in liquid funds amounting to ₹67.11 Crore) registering a remarkable growth of around 49% over the previous year. In order to avail opportunities in sectors other than tourism, hospitality and infrastructure, the Object Clause of the Memorandum of Association of the Company was amended/enlarged with your approval. This amendment enabled the Company to venture into financing of projects in other sectors also.

3.1 Industry Outlook

Tourism is one economic sector in India that has the potential to grow at a high rate and to ensure consequential development of the infrastructure at the destinations. It has the capacity to capitalize on the country's success in the services sector and to provide sustainable model of growth. Tourism is not only an economic growth engine but also an employment generator. The Planning Commission has identified tourism as the second largest sector in the country in providing employment opportunities to a wide spectrum of job seekers from the unskilled to the specialized one. The Indian tourism industry experienced a strong period of growth fuelled by sustained economic growth, strengthening of ties with developed world via opening of sectors. During the year 2011, the number of Foreign Tourist Arrivals (FTAs) in India reached the level of 6.29 million, registering a growth of 8.9% over the FTAs of 5.78 million in the year 2010. The growth rate of 8.9% in tourist arrivals in India was almost double the growth of 4.4% in tourist arrivals worldwide. The tourism sector in India, therefore, has fared better vis-à-vis the world. Foreign Exchange Earnings (FEE) from tourism in India during 2011 were USD16.56 billion as compared to USD 14.19 billion in 2010, registering a growth of 16.7%. FTAs during the period January-April 2012 were 2.43 million with a growth of 8.3% over the corresponding period of January-April 2011. FEE from tourism during January-April 2012 were USD 6274 million with a growth of 14.6% over the corresponding previous year figure at USD 5474 million during January-April 2011.

Your Company, during the last few years has been pursuing to expand its portfolio by not only extending financial assistance to new hospitality projects for renovation, upgradation but



also has been actively pursuing consultancy assignments for various state governments by drafting tourism policy, other project advisory services for tourism destination/circuit development.

3.2 Overall Contribution to Tourism and Infrastructure Sector by TFCI

The assistance provided by your company since its inception has catalyzed the addition of 43184 rooms and provided direct employment to about 82281 persons in tourism industry. The assistance provided by your company has also led to catalysing investments to the tune of ₹23916.00 Crore in the tourism sector thereby contributing to the creation of need-based tourism infrastructure, which has direct bearing on the development of tourism in the country.

3.3 Outlook for Tourism

India being a land of rich natural diversity has consistently been on the tourists' radar and tourism has been on a growth trajectory. India is presently considered as a provider of low cost medical treatments which has given impetus to the growth in medical tourism. These factors have contributed to the growth of tourism which is a powerful driver for growth of the hospitality sector. The opening up/expansion of the aviation sector has provided the needed thrust. The hotel industry in India thrives largely due to the growth in tourism and travel. Due to growth in foreign tourist arrivals and domestic tourists, hospitality sector is also growing. Emergence of budget hotels in India to cater to the majority of tourists seeking affordable stay, has materialized into an effective driver for growth. The business travel and MICE are also expected to be the possible growth segments.

India's travel and tourism sector is expected to be the second largest employer. The sector creates large scale employment, both direct and indirect, for diverse sections of society i.e. from the most specialized one to un-skilled workforce. It provides 6-7 percent jobs directly and millions more indirectly through a multiplier effect as per World Tourism Organization (WTO) estimates. By 2021 the Tourism industry will account for 30.44 million jobs directly, an increase of 5.51 million (22.1 per cent) over the next ten years. This includes employment by hotels, travel agents, airlines and other passenger transportation services.

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC), the demand for travel and tourism in India is expected to grow by 8.2 % between 2010 and 2019. This will place India at the third position in the world. Capital investment in India's travel and tourism sector is expected to grow at 8.8 % between 2010 and 2019. The report forecasts India to get more capital investment in the travel and tourism sector and is projected to become the fifth fastest growing business travel destination from 2010 through 2020.

India presently has an estimated 114000 hotel rooms spread across hotels in various categories. The various research reports and survey carried out by the Ministry of Tourism, Govt. of India as well as by the associations associated with the tourism industry, suggest a shortfall of about 150000 rooms in different segments. The hotel industry universally is sensitive to economic cycles and does face its troughs as well as highs based on the supply and demands of the rooms at any point. The mid-market and budget hotels in India have the maximum potential given the domestic demand from business and tourism sector. Domestic tourism plays an important role in overall tourism development in the country.

In spite of low rankings on the competitiveness scale, it is clear that India can leverage its higher rankings in certain other categories to exploit its tourism potential over the next decade with proper planning. This potential, exploited in an intelligent and sustainable manner, can prove to be the engine of growth for India. This can be achieved only with active cooperation from the States/UTs.

4. Non-Performing Assets

Your Company scrupulously adhered to the prudential norms for Non-Performing Assets (NPAs) prescribed by the regulatory authority. During the year 2011-12, your Company has taken proactive steps to reduce the non performing assets by vigorously following up with defaulting concerns. As a part of NPA management and optimization of recovery, suitable and effective steps have been taken. During the year, an amount of ₹1.56 Crore was recovered from NPA/written off cases. Your Company has maintained net NPAs at zero as on March 31, 2012.

5. Resource Mobilisation

Your Company constantly monitors its resource base and taps the appropriate source in its endeavor to minimize the weighted average cost of funds. During the year, your Company met its fund requirements for disbursement as well as repayment/redemption of loans/bonds through bond issue, financial assistance from banks and from its internal accruals. During the year, your Company raised ₹256.50 Crore, in tranches, by way of issuing unsecured bonds at coupon rate ranging between 9.65% to 10.20 % p.a., payable semi annually, with a maturity period of 10 years. During the year under report, your Company has borrowed ₹100.00 Crore as term loan for a period of 2 years from a bank and also repaid a high interest bearing term loan of ₹25.00 Crore.

6. RBI Guidelines

Your Company has been classified as Non-Deposit Accepting Non-Banking Financial Company. RBI has been issuing guidelines from time to time with regard to capital



TOURISM FINANCE CORPORATION OF INDIA LIMITED

adequacy standards, income recognition, asset classification, provisioning and other related matters. The accounting policies of your Company conform to these guidelines. The capital adequacy for your Company stands at a very comfortable level of 40.47% as on the March 31, 2012 as against the prescribed norm of 15%.

7. Dividend

Your Directors have recommended a dividend of ₹1.20 per Equity Share i.e. @ 12% on the paid-up Equity Share Capital for the financial year ended March 31, 2012 which will be paid after your approval at the ensuing Annual General Meeting. The aggregate payout due to payment of dividend, if approved, will be ₹11.26 Crore inclusive of dividend tax of ₹1.57 Crore. The dividend will be paid to those members holding shares in physical form, whose names appear in the Register of Members as on July 18, 2012 and in respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by the Depositories i.e National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business on July 13, 2012.

8. Directors

During the year under report, Smt. Archana Capoor and Shri Javed Yunus ceased to be Directors of the Company. The Board appreciates the contribution made by both these directors during their tenure.

In terms of the provisions of Section 256 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company, Smt. Shashi Sharma, Shri R. P. Singh and Shri V. P. Singh would retire at the forthcoming Annual General Meeting. The Board recommends the re-appointment of Smt. Shashi Sharma, Shri R. P. Singh, and Shri V. P. Singh in the forthcoming Annual General Meeting.

The Board of Directors in its meeting held on February 27, 2012 having regard to the recommendation of the Selection Committee, appointed Shri Shivendra Tomar, the existing Managing Director of the Company, as Managing Director of the Company for a period of 5 years w.e.f. February 27, 2012 pursuant to the order dated 16.12.2011 of the Hon'ble High Court of Delhi. The Board recommends the appointment of Shri Shivendra Tomar as Managing Director of the Company as proposed.

9. Public Deposits

The Company has not invited any deposit from the public under Section 58A of the Companies Act, 1956 during the year under review.

10. Directors' Responsibility Statement

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) That in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with the requirements set out under Schedule VI of the Companies Act, 1956 have been followed and there are no material departures from the same;
- (ii) That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) That they had 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; and
- (iv) That they had prepared the annual accounts on a 'going-concern' basis.

11. Dematerialisation of Shares and nomination facility and listing at Stock Exchanges

As per the Securities and Exchange Board of India directives, the transactions of the Company's shares must be compulsorily in dematerialized form. Your Company had entered into agreements with National Securities Depository Ltd. and Central Depository Services (India) Ltd. to facilitate holding and trading of shares in electronic form. Shareholders holding shares in physical form are requested to convert their holding into dematerialized form.

Shareholders may utilize the nomination facility available by sending duly filled prescribed Form No. 2B to our Registrar and Share Transfer Agent, M/s MCS Limited.

Your Company's equity shares are listed with Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid the Annual Listing Fees to said Stock Exchanges for the financial year 2011-12 and 2012-13. The addresses of the said Stock Exchanges are stated elsewhere in the Annual Report.

12. Auditors

M/s S. S. Kothari & Associates, Chartered Accountants (Registration No.305147E), the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from the Statutory Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(IB) of the Companies Act, 1956 and they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. Your Directors recommend their re-appointment.



13. Auditors' Report

The Auditors' Report along with the Notes on Accounts referred to in the Auditors' Report is self explanatory and does not call for any further comments or explanation.

14. Particulars of Employees

In terms of the provisions of the Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, we hereby confirm that there is no employee in respect of which information is required to be furnished.

15. Energy Conservation, Technology Absorption and Foreign Exchange Earning and outgo

The particulars relating to energy conservation and technology absorption, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not required as your Company's operations do not involve any manufacturing or processing activities. However, while vetting the proposals received for sanction of financial assistance, the aspect of energy conservation, in case of assisted concerns, is given due consideration. The particulars regarding Foreign Exchange earnings and outgo are as follows:

- i) Total foreign exchange outgo : ₹1,91,962
- ii) Total foreign exchange earnings : Nil

16. Transfer of amount to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A of the Companies Act, 1956, an amount of ₹9.52 Lakh has been transferred to the Investor Education and Protection Fund towards the unclaimed/unpaid dividend for the financial year 2003-04.

17. Segment Reporting

Accounting Standard 17 regarding Segment-wise Reporting does not apply to your Company since revenues are derived from only one segment financing.

18. Corporate Governance

Your Directors reaffirm their continued commitment to good corporate governance practices and endorse Corporate Governance practice in accordance with the provisions of

Clause 49 of the Listing Agreement. Your company has complied with all the mandatory requirements of the said clause. The Report on the Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this report.

19. Management's Discussion and Analysis Report

Management's Discussion and Analysis report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

20. Declaration

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel have affirmed their compliance with the code.

21. Acknowledgements

The Board expresses and places on record their gratitude for the consistent support and guidance given by the promoter institutions namely IFCI Ltd., LIC, SBI and others Banks.

Your Directors wish to place on record their sincere gratitude to valued customers, bankers and members for their continued patronage.

The Board also acknowledges and appreciates the guidance and co-operation extended by the Ministry of Finance, Ministry of Tourism, Government of India, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and Depositories.

The Board also appreciates and acknowledges the contribution made by the employees whose concerted efforts and dedicated services contributed to sustained growth and performance of the Company.

For and on behalf of the Board of Directors

Date: May 16, 2012
Place: New Delhi.

(S.K. Ganguli) (Shivendra Tomar)
Director Managing Director