



BOARD OF DIRECTORS

(As on August 1, 2013)

Shri S.B. Nayar
Smt. Shashi Sharma
Shri Sanjeev Kumar Jindal
Smt. Usha Sharma
Shri Niraj Agarwal
Shri S.K. Ganguli
Shri V.P. Singh
Shri Vivek Nair

Chairman of the Board
Managing Director
Nominee Director - Ministry of Finance, Govt. of India
Nominee Director - Ministry of Tourism, Govt. of India

REGISTERED OFFICE

IFCI Tower,
61 Nehru Place,
New Delhi-110 019
Phone : +91-11-41732000
Fax : +91-11-26291152
E-mail : ho@tfciltd.com
Website : www.tfciltd.com

STATUTORY AUDITORS

M/s. S.S. Kothari & Co.
Chartered Accountants
India Steamship House,
21, Old Court House Street,
Kolkata - 700 001
Phone : +91-33-22480279

CHIEF FINANCIAL OFFICER

Shri B.M. Gupta

COMPANY SECRETARY

Shri Sanjay Ahuja

BANKERS

HDFC Bank
Indian Overseas Bank

REGISTRAR AND TRANSFER AGENT

MCS Ltd.
F-65, First Floor
Okhla Industrial Area,
Phase-I
New Delhi-100 020
Phone : +91-11-41406149/51/52
Fax : +91-11-41709881
E-mail : admin@mcsdel.com

- Note:**
1. No Gift will be given in the AGM
 2. Shareholders are requested to send shares for transfer and other correspondence directly to the Company's Registrar and Transfer Agent at the above-mentioned address.



HIGHLIGHTS

	(₹ in Lakh)		
	As at March 31, 2013	As at March 31, 2012	
Resources			
Share Capital	8072	8072	
Reserves and Surplus	33928	29662	
Secured Loans	2734	25000	
Unsecured Loans	88358	53992	
Total	133092	116726	
Operations			
	Cumulative	2012-2013	2011-2012
Assistance sanctioned			
Rupee Loan	565016	36680	71880
Leasing	2491	–	–
Subscription to Equity/Preference Share/ Mutual Fund/Debenture	59073	5668	6118
Guarantee	1483	–	–
Total	628063	42348	77998
Assistance disbursed			
Rupee Loan	324372	28643	50206
Leasing	1580	–	–
Subscription to Equity/Preference Share/ Mutual Fund/Debenture	52614	5668	6118
Guarantee	1443	–	–
Total	380009	34311	56324
Earnings			
Profit before tax		7243	6308
Profit after tax		5553	4947
Earning per share (₹)		6.88	6.13



NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of Tourism Finance Corporation of India Ltd. will be held on Thursday, the 12th day of September 2013 at 11.00 a.m. at Air Force Auditorium, Subroto Park, Dhaura 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, 2013, the Profit and Loss Account of the Company for the year ended as 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, 2013.
3. To appoint a Director in place of Shri Vivek Nair, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of 24th 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 V. C. Gautam & Co., Chartered Accountants (Registration No. 000365N), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of 24th 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:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 “**RESOLVED THAT** Shri S. K. Ganguli, Director of the Company, who is retiring by rotation and did not offer himself for re-appointment, be not re-appointed as Director and the resultant vacancy be not filled up for the time being.”
6. To appoint Shri Niraj Agarwal as Director, liable to retire by rotation 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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (Including any statutory

modification(s) or re-enactment(s) thereof for the time being in force), Shri Niraj Agarwal, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation under the provisions of the Articles of Association of the Company.”

7. Appointment of Shri S. B. Nayar, as Director, liable to retire by rotation 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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (Including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Shri S. B. Nayar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation under the provisions of the Articles of Association of the Company.”

8. To appoint Smt. Shashi Sharma 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 Smt. Shashi Sharma, as Managing Director of the Company w.e.f September 20, 2012 till the alternative arrangement are being made on the terms and conditions 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 fix, 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 Smt. Shashi Sharma shall be within the limits as prescribed in Schedule XIII of the Companies Act, 1956.”



“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.”

By order of the Board of Directors

Date : July 31, 2013

(Rajiv Singh)

Place : New Delhi

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. A BLANK PROXY FORM IS ENCLOSED.*
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. 5, 6, 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. 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.
5. 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.
6. 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.
- (d) Members should communicate their valid Email Id to facilitate corporate communication as per the form attached on page 45.
7. 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.
8. (a) The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2013 to September 12, 2013 (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 September 12, 2013 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 September 6, 2013.
9. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend, therefore they 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.
10. 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.

11. 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.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (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 Company/Registrar and Transfer Agents M/s MCS Limited.

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

ITEM NO: 5

Shri S.K. Ganguli, Director of the Company is retiring by rotation but has not offered himself for the reappointment. The Board recommended that the vacancy caused by his retirement be not filled up for the time being.

ITEM NO: 6

Shri Niraj Agarwal was appointed as an Additional Director w.e.f. June 17, 2013. Pursuant to Section 260 of the Companies Act, 1956 read with Articles 129 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing along with deposit of ₹500.00 from a member of the company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Niraj Agarwal for the office of Director at the ensuing Annual General Meeting.

Shri Niraj Agarwal does not hold any equity share in the company.

The Board recommends the resolution set out in item no. 6 of the Notice for approval of the members of the Company.

Save and except, Shri Niraj Agarwal, none of other Directors is any way concern or interested in the proposed resolution.

ITEM NO: 7

Shri S. B. Nayar was appointed as an Additional Director w.e.f. July 31, 2013. Pursuant to Section 260 of the Companies Act,

1956 read with Articles 129 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing along with deposit of ₹500.00 from a member of the company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri S. B. Nayar for the office of Director at the ensuing Annual General Meeting.

Shri S. B. Nayar does not hold any equity share in the Company.

The Board recommends the resolution set out in item no. 7 of the Notice for approval of the members of the Company.

Save and except, Shri S. B. Nayar, none of other Directors is any way concern or interested in the proposed resolution.

ITEM NO. 8

The Board of Directors in its meeting held on September 20, 2012, consequent to resignation of Managing Director, had appointed Smt. Shashi Sharma, Director, as Managing Director of the Company as an Interim arrangement till the selection of new Managing Director. Smt. Shashi Sharma had decided not to take any salary or remuneration for officiating as Managing Director of the Company till she continues in the employment of IFCI Ltd. According, she did not take any remuneration from the Company till date. Members may approve the terms & conditions of her employment as Managing Director as follows:

Salary : Nil

Perquisites: Nil

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 terms and 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.

By order of the Board of Directors

Date : July 31, 2013

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

Shri Vivek Nair

Shri Vivek Nair, aged 61 years, is Post Graduate in Hotel Management from Cornell University's School of Hotel Administration in Ithaca, New York, USA and has over 30



years of experience. He did his graduation from St. Xavier's College, Mumbai. Shri Vivek Nair is a Council Member of the World Travel and Tourism Council, India Initiative (WTTC-II). He is also on the Board of some well-known listed companies like Hotel Leelaventure Ltd. (Chairman & Managing Director), VIP Industries Limited, Raheja Universal Limited along with other group companies. He is a Central Governing Council Member of the Services Export Promotion Council (SEPC) of the Government of India and is currently the President of the FHRAI, the apex body representing the hospitality industry which represents more than 3,767 hotels and restaurants in the country and also an Executive Committee Member of South Indian Hotels & Restaurants Association (SIHRA). He is also member of Audit Committee of Hotel Leelaventure Ltd. & Leela Capital & Finance Limited.

Shri Niraj Agarwal

Shri Niraj Agarwal, aged 55 years is the Executive Director of Life Insurance Corporation of India (LIC). He joined LIC in the year 1984 after completing his Master Degree from the University of Allahabad. He has held many important positions in his career and has worked at the Corporate Office and in three major Zones.

Previously he has worked as CEO of Saudi Indian Company for Co-operative Insurance (SICCI) at Saudi Arabia, General Manager, LIC International at Bahrain, Secretary (Personnel/ Admn.), Central Office (CO) and Sr. Divisional Manager, Divisional Office (Salary Saving Scheme).

Shri Agarwal has attended several training sessions on management and insurance at prestigious institutes like Asian Institute of Management, Manila, Phillipines, ISB, Hyderabad and NIA, Pune. He is also Director in Naturool Biochemical & Foods Ltd., Hyderabad.

Shri S. B. Nayar

Shri S B Nayar, aged 59 years, is CEO & MD of IFCI Limited. Previous to joining IFCI, he had been working as Deputy Managing Director & Group Executive (Corporate Banking Group) at State Bank of India. He was responsible for the overall supervision of several business verticals which inter-alia included Corporate Accounts Group (with FB and NFB

asset base of over ₹300,000 Crores), Project Appraisal Group, Financial Institution Business Group, Transaction Banking Group, Cash Management and Capital Market business of the Bank. He was also in charge of Project Finance Unit (PFSBU) of the Bank which handled all infrastructure lending of the Bank and any non infra projects of above ₹250 crores. Besides he also piloted all infra sanctions through Credit Committee as well as Bank's Board. Before taking up the responsibilities of Deputy Managing Director & Group Executive, he was handling the large Corporate Accounts Group (which is the most prestigious business group in the bank) as the Chief General Manager for a period of 3 years. During his tenure he tripled the asset base and profit by 6 times. He also has an extensive exposure in the Retail, SME and particularly Corporate Business of the Bank in different parts of the Country.

Shri S B Nayar also had an exposure in International Banking at Bank's Hong Kong office. He also had around 4 years of exposure to Investment Banking with SBI Capital Markets Ltd. He was also the member of the core team which set up SBI Life Insurance Company Ltd., a Joint Venture with a French Insurance Company. Presently, Shri S.B. Nayar is on the Board of IFCI Factors Ltd., IFCI Venture Capital Funds Ltd. and IFCI Infrastructure Development Ltd. as the Chairman of the Board.

Smt. Shashi Sharma

Smt. Shashi Sharma, aged 53 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 Limited 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 TFCI.



DIRECTORS' REPORT

To the Members:

1. Presentation of the Annual Report

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the Company and the audited accounts for the financial year 2012-13.

2. Financial Results

(Amount in ₹ Lakh)

Particulars	2012-13	2011-12
Total Income	18240.00	13032.33
Total Expenditure	10396.54	7324.12
Provision/(Written Back) for doubtful debts/investment	600.00	(600.00)
Profit before Tax	7243.46	6308.21
Provision for Tax	1690.89	1361.25
Profit After Tax	5552.57	4946.96
Less: Provision for doubtful debts u/s36(1)(viiia) of the Income Tax Act, 1961	303.00	199.00
Surplus Brought Forward	1417.75	755.91
Profit Available For Appropriation	6667.32	5503.87
Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	1472.00	971.00
Special Reserve u/s 45 IC of RBI Act	1110.52	989.39
General Reserve	1000.00	1000.00
Proposed Dividend	968.60	968.60
Dividend Tax	157.13	157.13
Balance Carried to Balance Sheet	1959.07	1417.75
	6667.32	5503.87

3. Performance

The operational profitability of your Company has improved over the previous year despite difficult business environment. The total income has gone up by 39% during the year under review, due to increase in interest earnings with increase in loan portfolio. Your Company has achieved a growth of 12.25% in Net Profit After Tax (PAT) over the corresponding previous year figure. During the year, the Company had sanctioned ₹393.48 Crore as compared to ₹779.98 Crore in the previous financial year. Similarly, TFCI had disbursed ₹343.11 Crore as compared to the previous year figure of ₹563.24 Crore.

Your Company, due to slow down in economic activities and the prevailing difficult business environment, deliberately decided to finance such projects wherein the fundamentals are strong and the security position was

relatively comfortable. Further, TFCI put more emphasis on consolidation and strengthened its monitoring mechanism to prevent slippages which improved the bottomline at a time when most of the projects in tourism sector are facing severe stress in terms of the revenue earnings and the overall profitability. TFCI has been able to contain slippages into non-performing assets which has helped in maintaining a healthy growth in income from operations as well as overall profitability.

- 3.1 TFCI, in view of the prevailing challenging environment, decided to explore and exploit possibilities for diversification and expansion into adjacent and parallel financial areas to ensure sustained growth momentum in business and financial parameters. The Board of Directors, after detailed deliberations, decided to create an Asset Management Company (Tourism Sector) for mutual fund operations where TFCI will act as a sponsor. This business would help in diversification of the company's business model as well as act as a marketing tool to establish the brand "TFCI". Similarly, the Board, with a view to allow TFCI to raise foreign currency borrowings at a cheaper rate, decided to set up an NBFC – IFC (Infrastructure Finance Company) as a subsidiary of TFCI.

The Reserve Bank of India, in the meanwhile, allowed setting up of banks in private sector and invited applications for the same. This created an opportunity for TFCI to diversify and if permitted, raise resources at a cheaper rate. TFCI pursued this opportunity and has submitted its application for the banking licence on 20th June 2013. The Board of Directors are confident that RBI would consider our application and the possibilities of getting banking licence seems real.

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 Industry Outlook

Travel & Tourism(T&T) is one of the most important industries in terms of absolute size of employment and output, and industrial linkages are strong and widely dispersed. The Industry can also drive domestic investment and attract foreign direct investment as well, all of which create employment, generate income and provide additional quality-of-life benefits to local residents. On a comparative scale, Travel & Tourism makes a larger



economic contribution to the global economy than some notable high profile sectors. It is an important industry to support as a potential tool for economic development.

Although the global economy is showing signs of fragile recovery, the world is becoming increasingly complex and interconnected. In this context, it is notable that the T&T sector has remained resilient in a number of ways. The number of travelers have increased consistently over the past year, notwithstanding the difficult economic climate and shrinking budgets. Indeed, the UNWTO reports that international tourist arrivals grew by 4% in 2012, and forecasts that they will continue to increase by 3-4% in 2013. Although this trend is primarily driven by increasing demand from the emerging markets, the picture has also been brightening for many developing economies.

Yet despite many positive developments, the need for greater openness remains one of the major trends impacting the T&T sector, especially with regard to the freer movement of people. The importance of efforts in this area has been highlighted specifically by the G20 Los Cabos communique in June 2012, in which the group recognized the importance of tourism “as a vehicle for job creation, economic growth and development” and furthermore committed to “work towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth.”

During the year 2012, the number of Foreign Tourist Arrivals (FTAs) in India reached the level of 6.65 million, registering a growth of 5.4% over the FTAs of 6.31 million in the year 2011. The growth rate of tourist arrivals in India is much higher as compared to growth 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 2012 were USD17.74 billion as compared to USD16.56 billion in 2011, registering a growth of 7.10%. FTAs during the period January-April 2013 were 2.48 million with a growth of 1.9% over the corresponding period of January-April 2012. FEE from tourism during January–April 2013 were USD 6.878 billion with a growth of 14.7% over the corresponding previous year figure at USD 6.275 billion during January–April 2012.

3.3 Overall Contribution to Tourism and Infrastructure Sector by TFCI

The assistance provided by your company, since its inception, has catalyzed the addition of 43534 rooms and provided direct employment to about 82735 persons in tourism industry. The assistance provided by your Company has also led to catalysing investments to the tune of ₹24208 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.

3.4 Outlook for Tourism

Tourism sector is one of the crucial sectors of the Indian economy. It is not only a significant contributor to GDP and foreign exchange earnings (FEE) for the country, but also provides widespread employment opportunity. Tourism sector can also be considered the backbone for allied sectors like hospitality, civil aviation, and transport. The tourism and hospitality industry contributes about 6.23% to the national GDP and 8.78% of the total employment in the country. As per WTO estimates, Travel and tourism is expected to grow at 8.8% during the period of 2010-2019 and India is projected to become the world’s fifth largest business travel destination. Further, investment in Travel and Tourism in India is expected to reach USD109.30 billion by 2020. Acknowledging the potential of tourism sector, Government of India has budgeted an expenditure of ₹35,000 Crore for tourism sector in its 12th five year plan period (2012-17) as against a budget of ₹12,000 Crore in the 11th plan.

Encouraging the development of the Travel & Tourism Sector(T&T Sector) is all the more important today in view of its potential to earn foreign exchange to reduce current account deficit (CAD) as also its important role in job creation, at a time when many countries are suffering from high unemployment. The sector already accounts for 9 % of the GDP, a total of USD6 trillion, and it provides 120 million direct jobs and another 125 million indirect jobs in related industries. This means that the industry now accounts for one in eleventh jobs on the planet, a number that could even rise to one in ten jobs by 2022, according to the World Travel & Tourism Council.

The availability of good quality and affordable hotel rooms plays an important role in boosting the growth of tourism in the country. The accomodation segment of the industry, however, is facing tough patches during the past 2-3 years. The net income for the hotels in the country dipped by 3.1% in 2012-13, despite top line growth of 7% over previous year, on account of increased overhead costs and high borrowing costs. The increase in occupancy, which began its upward curve in the second half of 2009, after plummeting in 2008-09 fiscal, stagnated during 2011-12 at around 60%. India’s hospitality industry saw a 15%-20% drop in tariffs in 2012-13 due to the global economic slowdown and an expansion in supply, further hammered down by increase in air fares. However, in the long term, the demand-supply gap in India is very real and there is need for more hotels in most cities. The shortage is especially true within the budget and the mid-market



segment. There is an urgent need for budget and mid-market hotels in the country as travellers look for safe and affordable accommodation. Various domestic and international brands have made significant inroads into this space and more are expected to follow as the potential for this segment of hotels becomes more obvious. As per a Ministry of Tourism estimate, the foreign tourist arrivals in India are expected to double to 12 million during 2012-17. Presently, India has about 1,30,000 rooms in classified hotels and it needs additional 1,50,000 rooms, out of which 1,00,000 rooms would be needed the mid-market/budget segment, over next five years to meet the gap. The Government of India is encouraging tourism sector by means of fiscal incentives, supporting mega-tourism projects across the country, initiating visa-on-arrival scheme, strengthening tourism-oriented training & education infrastructure and promoting the country as a destination for heritage, wildlife, medical, wellness, rural, adventure and eco-tourism.

4. Non-Performing Assets

Your Company adhered to the prudential norms for Non-Performing Assets (NPAs) as prescribed by the regulatory authority. During the year 2012-13, your Company has been able to contain slippage in its loan portfolio by taking proactive steps and regular follow up with borrowers. However, despite vigorous follow up, 2 accounts slipped from standard to sub-standard category and recognized as NPA as on March 31, 2013. The recovery proceeding have been initiated and we expect to realise the entire overdues alongwith further interest/principal during the year and the account might be upgraded to standard category as on 31/3/2014. TFCI has adequate surplus provisions to cover the entire principal outstanding against these loans even though the prudential guidelines stipulates provisioning to the extent of 10%. During the year, an amount of ₹8.56 Crore was recovered from NPA/written off cases and recognized as income during the year. Your Company has maintained net NPAs at zero as on March 31, 2013, whereas the gross NPA's are less than 1% of the total assets.

5. Resource Mobilisation

Your Company constantly monitors its resource requirements 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 ₹375.00 Crore (WAIR: 9.80% p.a. with a tenure ranging between 10-20years), in tranches, by way of issuing unsecured bonds. During the year under report,

your Company repaid high interest bearing medium term loan of ₹250.00 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 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 37.21% as on the March 31, 2013 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, 2013 which will be paid after approval at the ensuing Annual General Meeting. The dividend will be paid to those members holding shares in physical form, whose names appear in the Register of Members as on September 12, 2013. Further dividend will be paid in case of demat shares, 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 September 6, 2013.

8. Directors

During the year, Dr. Raju Sharma, Shri Shivendra Tomar and Shri Sujit K Mandal ceased to be Directors of the Company. Shri Rakesh Kapoor also resigned from the Directorship of the Company w.e.f. April 23, 2013. Further, the Ministry of Tourism, Govt. of India had appointed Smt. Usha Shama as their nominee director in place of Shri Devesh Chaturvedi. The Ministry of Finance, Govt. of India appointed Shri Amrik Singh as its Nominee on the Board of TFCI in place of Shri Sanjeev Kumar Jindal. Further, the Central Government vide its dated May 29, 2013 re-appointed Shri Sanjeev Kumar Jindal, Director, Department of Financial Services, Ministry of Finance, Government of India as Government Nominee Director on the Board of TFCI in place of Shri Amrik Singh. Shri. Atul Kumar Rai was appointed as Additional Director and Chairman of the Board on August 8, 2012 and submitted his resignation vide letter dated May 31, 2013. Shri R.R. Rai resigned as Director w.e.f. May 27, 2013 and Shri Niraj Agarwal was appointed as Additional Director on June 17, 2013. Shri S.P. Arora and Shri R.P. Singh have also resigned as Directors vide their letter dated July 17, 2013 and July 29, 2013 respectively Shri S.B. Nayar has been appointed an Additional Director and assumed Chairmanship of the Board on July 31, 2013. The



Board appreciates the contribution made by the outgoing 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, Shri Samir Kumar Ganguli and Shri Vivek Nair would retire at the forthcoming Annual General Meeting. As Shri Samir Kumar Ganguli did not offer himself for reappointment, the Board only recommends the re-appointment of Shri Vivek Nair in the forthcoming Annual General Meeting and recommend not to fill the resultant vacancy caused by retirement of Shri Ganguli for the time being.

The Board of Directors in its meeting held on September 20, 2012, appointed Smt. Shashi Sharma, as Managing Director of the Company as an interim arrangement consequent to resignation of Shri Shivendra Tomar. The Board recommends the appointment of Smt. Shashi Sharma as Managing Director of the Company till the appointment of regular incumbent.

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, 2013, 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, 2013 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 (SEBI) 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 2012-13 and 2013-14. The addresses of the said Stock Exchanges are stated elsewhere in the Annual Report.

12. Auditors

M/s S. S. Kothari & Co., Chartered Accountants (Registration No.302034E), the Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting. Consequent to acquisition of stake by Central Government in IFCI Ltd. (the largest shareholder of the Company), your Company has to comply with section 619 B of the Companies Act, 1956 requiring the appointment of Statutory Auditors by Comptroller and Auditor General of India (CAG). Accordingly, CAG conveyed regarding appointment of M/s. V.C. Gautam & Co. Chartered Accountants (Registration No. 000365N) as Statutory Auditors of the Company. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(IB) of the Companies Act, 1956 and they are not disqualified for appointment within the meaning of Section 226 of the said Act. Your Directors recommend their appointment as Statutory Auditors.

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 in 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 : Nil
- 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 : July 31, 2013	(V.P. Singh)	(Shashi Sharma)
Place : New Delhi.	Director	Managing Director



CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Corporate Governance refers to the blends of laws, regulations and voluntary practices by which companies are directed and controlled to enhance their wealth generation capacity whereby stakeholders' aspiration and societal expectations are met. It is the application of best management practices, compliance of laws and adherence to ethical standards to achieve the organisational goal of enhancing stakeholder value. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship & disclosures serve as means of implementing the philosophy of corporate governance. The Corporate Governance philosophy of your company is structured to institutionalize policies and procedures that enhance the efficacy of the Board and inculcate a culture of accountability, self discipline, transparency and integrity across the Company. While we go beyond the mandatory provisions of Corporate Governance, the report on statutory compliances in this regard is set forth below:

1. Board of Directors:

The constitution of the Board aims at ensuring Directors commitment to participate in the affairs of the Company with understanding and competence to deal with current and emerging business issues.

The primary role of the Board is that of trusteeship to protect and enhance shareholder's value through supervision. The Board of Directors of your Company represents the interests of the Company's shareholders in optimising long term value by guiding the management. As trustees, the Board ensures that the Company has clear goals relating to shareholders value and its growth. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also provides directions and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholder's aspirations as well as societal expectations. The responsibilities of the Board include formation of policies, new initiatives, performance review, control and sanction of cases falling beyond the powers delegated to functionaries of the Company. The Board has also constituted committees and delegated powers for different functional areas. The Board as well as its committees meets at periodical intervals.

The Board consists of 11 Directors as on March 31, 2013 including a Managing Director. Out of 10 Non Executive Directors, 6 are Independent Directors including two Nominee Directors, representing Ministry of Finance and Ministry of Tourism, Govt. of India, on the Board.

The Company follows a structured process of decision making by the Board and its Committees. Meetings are governed by a structured agenda backed by comprehensive background information to enable the Board to take informed decisions. Agenda Papers are circulated well in advance to all the Board/Committee members. The Board has complete access to all the relevant information of the Company.

During the year, 6 Board Meetings were held on April 19, 2012, May 16, 2012, August 8, 2012, September 20, 2012, October 22, 2012, and February 14, 2013. The time gap between two Board Meetings was less than four calendar months.

Details regarding the category of Directors, their attendance at Board Meetings and the last Annual General Meeting, number of other Directorships and Committee positions held by them in companies as on March 31, 2013, are given below:-

Sl. No.	Name of Director	Category of Directorship	No. of Board Meeting Attended	Attendance at Last AGM	No. of other Directorships/ Committee Chairmanships/ Other Memberships*		
					Directorship	Committee	Chairman
1	Shri Atul Kumar Rai*	Chairman	4	No	6	-	-
2	Smt. Shashi Sharma@	MD	6	No	-	-	-
3	Shri Shivendra Tomar#	MD	3	Yes	4	-	-
4	Shri D. Chaturvedi^	NEID	0	No	-	-	-
5	Smt. Usha Sharma^	NEID	0	No	-	-	-
6	Shri Sanjeev Kumar Jindal%	NEID	0	No	3	-	-
7	Shri Amrik Singh%	NEID	0	No	-	-	-
8	Shri S. K. Mandal§	NED	4	Yes	4	-	-
9	Shri R. R. Rai**	NEID	6	Yes	3	4	-
10	Shri S. K. Ganguli	NEID	6	Yes	2	1	1
11	Dr. Raju Sharma!	NEID	1	No	1	-	1
12	Shri Rakesh Kapoor	NED	6	Yes	2	-	-
13	Shri Vivek Nair	NEID	1	No	6	2	-
14	Shri Satpal Arora##	NED	5	Yes	6	-	-
15	Shri R. P. Singh###	NED	5	Yes	-	-	-
16	Shri V. P. Singh	NEID	4	Yes	-	-	-

*Appointed as an Addition Director & Chairman of the Board w.e.f August 8, 2012. Resigned from the directorship of the Company w.e.f. May 31, 2013.

@ Appointed Managing Director w.e.f September 20, 2012

Resigned as Managing Director w.e.f September 12, 2012

^ Nomination of Shri Devesh Charurvedi withdrawn by the Ministry of Tourism, Govt. of India w.e.f August 8, 2012 and Smt. Usha Sharma appointed as Nominee of Ministry of Tourism, Govt. of India in place of Shri Devesh Chaturvedi w.e.f. August 8, 2012.

%Nomination withdrawn by the Ministry of Finance vide its letter dated December 13, 2012 and Shri Amrik Singh appointed as Nominee Director of Ministry of Finance Govt. of India in place of Shri Sanjeev Kumar Jindal. Further Ministry of Finance vide its letter dated May 29, 2013 has appointed Shri Sanjeev Kumar Jindal, Director, Department of Financial Services, Ministry of Finance, Govt. of India as Government Nominee Director in place of Shri Amrik Singh.

! Resigned as Director w.e.f. July 21, 2012.

§ Resigned as director w.e.f. January 17, 2013

**Resigned as director w.e.f. May 27, 2013

###Resigned as director w.e.f. July 17, 2013

####Resigned as director w.e.f. July 29, 2013

NED : Non-Executive Director

NEID : Non-Executive Independent Director



Notes:

1. Other directorship excludes directorship held in Private Companies, Foreign Companies, Companies formed under Section 25 of the Companies Act, alternate directorship and non-corporate institutions.
 2. Committee positions of only two committees namely Audit Committee and Investors'/Shareholders' Grievance Committee in only Indian Public Limited Company, whether listed or not, have been considered pursuant to Clause 49 of the Listing Agreement.
- 2. Board Meeting, Board Committee Meetings and Procedures**

The Company currently has the following committees in compliance of the listing agreement:

(A) Audit Committee:

i) Constitution and Composition:

The Audit Committee of the Board has been functional since 1997 and presently comprised of 4 Directors including 4 Non-Executive Independent Directors. At the start of the year the committee had 6 members. The Chairman of the Committee was an independent director. The Chairman of the Committee attended the last AGM. The Committee met 5 times on April 19, 2012, May 16, 2012, August 8, 2012, October 22, 2012 and February 14, 2013. The attendance of the members at the meetings was as follows:

Sl. No.	Name of member	Status	No. of Meetings Attended
1.	Shri S. K. Ganguli	Chairman (Non-Executive Independent Director)	5
2.	Dr. Raju Sharma@	Non-Executive Independent Director	1
3.	Shri R. R. Rai@	Non-Executive Independent Director	5
4.	Shri Sanjeev Kumar Jindal	Non-Executive Independent Director	–
5.	Smt. Shashi Sharma	Managing Director	4
6.	Shri Shivendra Tomar@	Managing Director	3
7.	Smt. Usha Sharma*	Non-Executive Independent Director	–
8.	Shri Amrik Singh*@	Non-Executive Independent Director	–

*Smt. Usha Sharma appointed as members of Audit Committee w.e.f August 8, 2012 and Shri Amrik Singh w.e.f February 14, 2013.
@Since resigned

The CFO, Statutory Auditors and Internal Auditors are invited to attend the Audit Committee Meetings and the Senior Company Secretary acts as the Secretary of the Committee. The Minutes of the meetings of the Audit

Committee are placed before the Board Meeting for their information.

ii) Terms of Reference

The terms of reference of the Audit Committee are as under:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and if required the replacement of the Statutory Auditor and fixation of audit fees.
- (iii) Reviewing, with the management, the annual/quarterly financial statement before submission to the Board for approval
- (iv) Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control system.

(B) Remuneration and Compensation Committee

i) Composition:

The Remuneration Committee of the Board at present comprised of 3 Non-Executive Independent Directors. The Committee met once during the year. The names and the attendance of the members at the meeting were as follows:

Sl. No.	Name of member	Status	No. of Meetings Attended
1.	Dr. Raju Sharma@	Non-Executive Independent Director	–
2.	Shri V. P. Singh	Non-Executive Independent Director	1
3.	Shri Sujit K. Mandal@	Non-Executive Director	1
4.	Shri S. K. Ganguli*	Non-Executive Independent Director	–
5.	Shri Atul Kumar Rai*@	Chairman/Non-Executive Director	–

*Shri. S. K. Ganguli remained member of the Committee during 8.08.2012 to 22.10.2012 and Shri Atul Kumar Rai appointed as Chairman of the Committee w.e.f October 22, 2012.

@Since resigned

ii) Terms of reference:

The Remuneration Committee has been constituted to recommend/review remuneration of Managing Director/Whole-Time-Director based on their expertise, experience, performance and defined assessment criteria.

**iii) Remuneration Policy:**

Remuneration of employees consists of basic remuneration, perquisites and performance-linked incentive. The components of total remuneration vary for different cadres and are governed more or less by the structure prevalent in other All-India Financial Institutions. Your Company adopts perquisite policies with the objective to motivate employees to excel in their performance and to recognize their contribution.

(iv) (a) Details of remuneration paid to Directors for the year 2012-13:

- (i) During the year 2012-13, an amount of ₹38,23,422/- was paid to Shri Shivendra Tomar, Managing Director towards the managerial remuneration. The Company has not paid any remuneration to Smt. Shashi Sharma who is officiating as Managing Directors since September 20, 2012.
- (ii) Performance linked incentive is payable to Managing Director/Whole-Time Director subject to approval by the Remuneration Committee of the Board. During the year under review, Shri Shivender Tomar was paid performance linked incentive of Rs. 9,63,667/- (included in figure given in point (i) above).
- (iii) Notice period for termination of appointment of Managing Director is three months on either side or three months' pay in lieu thereof.

(iv) No severance pay is payable on termination of appointment.

(v) No Stock Appreciation Rights (SARs) have been granted.

(b) Details of remuneration paid to Non-Executive Directors

Remunerations by way of sitting fee for attending the meetings of the Board/ Committees thereof were paid as follows:

Name of the Director	Amount (in ₹)
Shri S. K. Ganguli	1,09,333
Shri R. R. Rai	1,42,001
Smt. Shashi Sharma	56,000
Shri Vivek Nair	12,000
Shri V. P. Singh	56,666
Shri Satpal Arora	50,666
Shri R. P. Singh	50,666
Shri Rakesh Kapoor	50,666
Dr. Raju Sharma	24,000

During the year under report, the Company has not paid any remuneration to Non Executive Directors except by way of Sitting Fee which was paid @ ₹12,000/-per meeting and ₹6,000/- per meeting for

attending the meetings of Board and its Committees respectively. However, the Sitting fee was revised by the Board to ₹13,333/- and ₹6,667/- per meeting for attending the meetings of the Board and its Committees respectively w.e.f July 1, 2012.

(C) Investor-Grievances Committee:

- i) **Composition:** During the year under report, the Investor-Grievances Committee of the Board comprised of 3 Directors including 2 Non-Executive Independent Directors. The names and the attendance of the members at the meeting were as follows:

Sl. No.	Name of member	Status	No. of Meetings Attended
1.	Shri R. R. Rai@	Chairman(Non-Executive Independent Director)	1
2.	Shri S. K. Ganguli	Non-Executive Independent Director	-
3.	Shri S. P. Arora@	Non-Executive Director	-
4.	Smt. Shashi Sharma	Managing Director	1
5.	Shri V. P. Singh	Non-Executive Independent Director	-

@Since resigned

Shri V. P. Singh and Smt. Shashi Sharma have become member of the Investor Grievance Committee w.e.f. October 22, 2012 and S. K. Ganguli and Shri S. P. Arora ceased as members of the Committee w.e.f October 22, 2012.

During the financial year 2012-2013, the Committee met once.

- ii) **Terms of reference:** The Committee looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of Annual Report, Non-receipt of dividend etc.

During the year, 260 complaints were received from the shareholders and were replied/solved to the satisfaction of the shareholders. As on March 31, 2013, no request for transfer/transmission was pending. The Minutes of the Committee are placed to the Board for information.

3. Other Committees**Share-Transfer Committee**

The Company has constituted Share-Transfer Committee to approve transfer/transmission of shares issued by the Company. It also approves issue of duplicate certificates after split/consolidation/renewal and also monitors the investors' grievances. At present, the Share Transfer Committee comprises Managing Director, CFO and Sr. Company Secretary. During the year, the Committee had 27 meetings. A report on the meetings of Share Transfer Committee is placed before the Board for information.



4. Functional Committees

The Board is authorized to constitute one or more Functional Committees delegating powers and duties with respect to specific purposes. Meeting of such Committees are held as and when the need arises. Time schedule for holding the meetings of such functional committees are finalized in consultation with the committees members.

Procedure at Committee Meetings

The Company's guidelines relating to Board Meeting are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisor and counsels to the extent it considers appropriate to assist in its works.

Minutes of the proceedings of the Committee meetings are placed before the Board meetings for perusal and noting.

5. General Body Meeting:

- (A) Location and time where last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2011-12	July 18, 2012	2.00 p.m.	Air Force Auditorium, Subroto Park, New Delhi
2010-11	September 13, 2011	2.00 p.m.	Air Force Auditorium, Subroto Park, New Delhi
2009-10	September 17, 2010	2.00 p.m.	Air Force Auditorium, Subroto Park, New Delhi

- (B) Details of Special resolution passed in the previous three Annual General Meetings:

AGM Date	Relevant provisions of the Companies Act, 1956	Particulars of Special Resolutions
18.07.2012	Section 224A	Appointment of Statutory Auditors
13.09.2011	Section 224A	Appointment of Statutory Auditors
17.09.2010	Section 224A	Appointment of Statutory Auditors

6. Disclosures

- (A) None of the director holds any shares in the Company
- (B) There was no case of non-compliance by the Company of any matter related to capital market during the last three years. There were no strictures or penalties, imposed on the Company by Stock Exchanges or SEBI or any other statutory authority for non compliance of any matter related to the Capital market.

(C) Related Party Transactions

Related party transactions during the year have been disclosed as required under the Accounting Standard 18 of the Company (Accounting Standards) Rules, 2006. There was no transaction of material nature with the directors or the management or their subsidiaries or relatives during the year.

(D) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Company (Accounting Standards) Rules, 2006 and the guidelines issued by Reserve Bank of India from time to time to the extent applicable. The significant accounting policies have been set out in the Notes to the Accounts.

(E) Disclosure on Risk Management

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has framed the Risk Management Policy and risk mitigation procedure, which is periodically reviewed by the Board.

- (F) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement

(G) Means of Communication:

Quarterly results are published in leading English and Hindi newspapers viz. Business Standard/Financial Express, Jansatta etc.

7. Reconciliation of Share Capital Audit

A Qualified Practising Company Secretary carried out quarterly Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital of the Company. The audit confirmed that the total issued/paid up capital of the company was in agreement with the aggregate of the total number of shares in physical form and dematerialized forms with NSDL and CDSL.

8. Code of Conduct

The Board has formulated a code of conduct for the Board Members and Senior Management Personnel of the Company. The same has also been posted on the website of the Company. The code has been circulated to all the members of the Board and Senior Management Personnel and the compliance of the same is affirmed by them annually. All Board Members and Senior Management Personnel have affirmed their compliance with the code.



9. General Shareholders' Information company Registration Details

The Company is registered in the State of Delhi. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65910DL1989PLC034812.

9.1 ANNUAL GENERAL MEETING is proposed to be held on 12th day of September, 2013.

9.2 Financial calendar (tentative)

Financial Year: April 1, 2013 to March 31, 2014

Results for the quarter ending:

June 30, 2013	-	July/August 2013
September 30, 2013	-	October/November 2013
December 31, 2013	-	January/February 2014
March 31, 2014	-	April/May 2014
Annual General Meeting	-	September, 2014

9.3 Date of Book Closure

September 7, 2013 to September 12, 2013

9.4 Dividend Payment

Credit/dispached October 7, 2013 to October 11, 2013.

9.5 Listing on Stock Exchanges

- Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001.
- National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

9.6 Stock-Market price data for the year 2012-2013

TFCI Share Price (in ₹)

Month & Year	BSE		NSE	
	High	Low	High	Low
April, 2012	28.75	24.05	28.40	24.15
May, 2012	25.45	22.90	25.45	22.90
June, 2012	25.45	23.35	25.50	23.30
July, 2012	27.25	21.45	26.95	20.30
August, 2012	25.70	21.75	26.50	21.75
September, 2012	23.80	21.85	23.85	21.90
October, 2012	25.75	23.10	26.00	23.15
November, 2012	24.95	22.00	25.10	23.10
December, 2012	26.30	23.10	26.20	23.85
January, 2013	30.35	23.75	33.10	24.10
February, 2013	25.25	23.10	25.30	23.00
March, 2013	23.65	21.25	25.30	20.90

Stock code: BSE: 526650, NSE: TFCILTD

Demat ISIN code: INE305A01015

9.7 Performance in comparison to broad-based indices :

TFCI's share-price performance relative to NSE Nifty and BSE Sensex during the year 2012-13.

	(% change) TFCI's Share Price	(% change) Index	(% change) TFCI relative
BSE Sensex	-11.41%	+8.22%	-19.63%
NSE Nifty	-11.75%	+7.31%	-19.06%

9.8 Registrar and Share-Transfer Agent:

The Company has engaged MCS Ltd., a SEBI registered Share-Transfer Agent, as Registrar and Share Transfer Agent (RTA) for processing the transfer of securities issued by the Company located at F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020. RTA acknowledges and executes transfer of securities, arranges for issue of dividend/interest warrants. RTA also accepts, deals with and resolves complaints of shareholders and bondholders.

9.9 Share-Transfer System:

All the transfers are processed by the Registrar and Share Transfer Agents and are approved by the Share Transfer Committee. Pursuant to Clause 47(c) of the Listing Agreement with the Stock exchanges, certificates on half year basis have been issued by a Company Secretary-In-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in Practice for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for re-conciliation of the share capital of the Company.

9.10 Distribution of Shareholding as on March 31, 2013

No. of Shares	No. of Share-holders	% of Share-holders	No. of shares held	% of share capital
1 - 500	55751	91.14	7182080	8.90
501 - 1000	2810	4.59	2442866	3.03
1001 - 2000	1241	2.03	1978527	2.45
2001 - 3000	443	0.72	1158633	1.44
3001 - 4000	193	0.32	710036	0.88
4001 - 5000	233	0.38	1124104	1.39
5001 - 10000	284	0.46	2148372	2.66
10001 - 50000	174	0.29	3739078	4.63
50001 - 100000	18	0.03	1169383	1.45
100001 and above	24	0.04	59063669	73.17
	61171	100.00	80716748	100.00



9.11 Categories of Shareholders as on March 31, 2013

CATEGORY	SHARES	% OF SHARES
1. Promoters/Promoters Group		
(i) IFCI Ltd.	34304266	42.50
(ii) State Bank of India	7416296	9.19
(iii) LIC	6213180	7.70
(iv) Bank of India	3790024	4.70
(v) United India Insurance Co. Ltd.	1198002	1.48
(vi) The Oriental Insurance Co. Ltd.	1041999	1.29
Total Shareholding of Promoters and Promoter Group	53963767	66.86
2. Other Financial Institutions and Banks	240275	0.30
3. Mutual Funds	3200	0.00
4. FIIs	195000	0.24
5. NRIs	394563	0.49
6. Bodies Corporate	4854755	6.01
7. General public and others	21065188	26.10
TOTAL	80716748	100.00

9.12 Dematerialization of Shares

Sl. No.	Electronic/physical	Mode of holding %
1	NSDL	90.07
2	CDSL	6.57
3	Physical	3.36
	TOTAL	100.00

Trading in Equity Shares of the Company is permitted only in dematerialized form. As on March 31, 2013, 96.64% of Company's total equity shares representing 78002161 Equity Shares were held in dematerialized form and the balance shares were in physical form.

9.13 Outstanding GDR/ADR/Warrants or any Convertible instruments: Nil

9.14 **Plant Location:** Not applicable. TFCI is a financial institution having its registered & corporate office at Delhi and branch/liaison office at Mumbai.

9.15 Address for correspondence:

The Company's registered office is situated at:
IFCI Tower, 61 Nehru Place,
New Delhi-110019
Phone No.: 011-41732000 Fax:011-26291152
Email: ho@tfcilt.com, Website: www.tfcilt.com

Designated Email-id for investors' queries:
complianceofficer@tfcilt.com

The Company's other office is situated at:
9th Floor, Earnest House, Nariman Point
Mumbai - 400 021
Telefax No.: 022-66332038

Shareholders' correspondence should be addressed to:
MCS Ltd.,
Registrar and Transfer Agent,
F-65, 1st Floor, Okhla Industrial Area, Phase I,
New Delhi-110 020
Phone: 011-41406149/51/52, Fax:011-41709881
Email: admin@mcsdel.com

Shareholders holding shares in electronic mode should address their entire correspondence to their respective Depository Participants (DP).

10. Review of Directors' Responsibility Statement

The Board, in its Report, has confirmed that the annual accounts for the year ended March 31, 2013 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

11. Compliance Certificate of the Auditors

The Statutory Auditors have issued certificate confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement. The same is attached to the Directors' Report forming part of the Annual Report.

12. Management Discussion and Analysis

Management's Discussion & Analysis forms part of the annual report.

13. Managing Director/CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Managing Director and the Chief Financial Officer of the Company also give quarterly certification on financial results while placing financial results before the Board in terms of the Clause 41 of the Listing Agreement.



Management's Discussion & Analysis

The Management of your company is pleased to present an analysis report covering its performance and outlook.

1. Business and Economic Environment

The financial year 2012-13 was challenging for Indian economy. Gross Domestic Product (GDP) of Indian economy deviated from its high growth trajectory of last two financial years. Deceleration in GDP growth, which started in FY'12, continued in FY'13 as well because of moderation in all the three sectors namely Agriculture, Industry and Services. Over all GDP growth for nine months of FY'13 stands at 5% as compared to 6.1% growth recorded during the corresponding financial year.

Weak monsoon affected the Agricultural performance during FY'13. Agricultural Sector recorded a meager growth rate of around 1% in Q2 and Q3 of FY'13 declining from around 3% growth seen in Q1 FY'13. Industrial growth continued to remain sluggish in FY'13, driven by both domestic and global factors. Tardy recovery in developed countries of the world, continued political and economic turmoil in For eleven months of FY13 i.e. from April-February 2013, industrial growth remained at 0.9% as compared to 3.5% growth recorded during the same period of the last financial year. As a result of credible economic reform measures since September 2012 and policy rate reduction by Regulator, investment climate has improved and industrial growth has recorded positive growth successively during two months (Jan and Feb 2013) of Q4 FY'13. Subdued growth in Agricultural and Industrial sectors and weak external demand pulled down the growth of Services Sector. Growth of Services Sector slowed down from around 7.5% in Q1 FY'13 to 6% in Q3 FY'13. Slowdown in Services sector is mainly on account of fall in the Hospitality industry, Transport industry, Banking, Finance and Insurance sector.

High inflation is another problem that has haunted the economy for last two financial years. In FY'13, inflation measured by Wholesale Price Index (WPI) remained stubbornly high at around 8% limiting the scope for reduction in interest rate. Similarly, inflation measured by Consumer Price Index (CPI) also remained mostly above 10% in FY'13. Economic growth in FY'13 was also plagued by Twin deficits - Fiscal deficit and Current Account Deficit. Low growth and uncertainty in advanced economies as well as emerging market economies adversely affected exports in FY'13. This, combined with continuing large imports of oil and gold, resulted in an adverse trade balance during the first nine months of FY'13.

2. Industry structure and developments

Travel & Tourism (T&T) is one of the most important industries in terms of absolute size of employment and output, and industrial linkages are strong and widely dispersed. The Industry can also drive domestic investment and attract foreign direct investment as well, all of which create employment, generate income and provide additional quality-of-life benefits to local residents. On a comparative scale, Travel & Tourism makes a larger economic contribution to the global economy than some notable high profile sectors.

Although the global economy is showing signs of fragile recovery, the world is becoming increasingly complex and interconnected. In this context, it is notable that the T&T sector has remained resilient in a number of ways. The number of travelers has increased consistently over the past year, notwithstanding the difficult economic climate and shrinking budgets. Indeed, the UNWTO reports that international tourist arrivals grew by 4% in 2012, and forecasts that they will continue to increase by 3-4% in 2013.

During the year 2012, the number of Foreign Tourist Arrivals (FTAs) in India reached the level of 6.65 million, registering a growth of 5.4% over the FTAs of 6.31 million in the year 2011. The growth rate of tourist arrivals in India is much higher to growth 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 2012 were USD17.74 billion as compared to USD16.56 billion in 2011, registering a growth of 7.10%. FTAs during the period January-April 2013 were 2.48 million with a growth of 1.9% over the corresponding period of January-April 2012. FEE from tourism during January-April 2013 were USD 6.878 billion with a growth of 14.7% over the corresponding previous year figure at USD 6.275 billion during January-April 2012.

3. Opportunities and threats

Tourism plays an important role in economic development and creation of jobs in India. Tourism has the potential to stimulate other economic activities through its forward and backward linkages with a host of sectors like agriculture, manufacturing, transport, hospitality, education, health, banking etc. Continuing world prosperity, growing recognition of tourism's contribution to employment and economic growth, availability of better infrastructure, focused marketing and promotional efforts, liberalization of air transport, growing intraregional cooperation and



more effective Public-Private-Partnership are seen as the key drivers for tourism in the coming time. It is imperative to point out that India has the advantage of a strong domestic tourism base which was 851 million tourism visits in 2011. This base is growing continuously on the back of a rapidly rising middle class with increased disposable income and awareness.

Your Company is well poised to take advantage of the growing opportunities in the tourism and hospitality sector by expanding and diversifying its operations in line with its business strategy of maintaining sustainable and continuous growth in operations and performance. In addition to the normal project financing activities, your Company will continue to explore possibilities for new businesses for short and medium term with the aim of establishing a niche market for itself in products like short and medium term loans against liquid securities, take out finance, promoters' funding etc. With the growth in the tourism sector, your Company expects ample opportunities in future where the Company can involve itself in appraisal, advisory services, syndication of debts etc. resulting in non fund based income for the Company.

Owing to growth in the balance sheet size without NPAs, your Company expects to improve its top and bottom line in a consistent manner. Though the existing infrastructure in the country is improving steadily, a lot remains to be achieved if the momentum in the growth of the industry is to be maintained. The tourism sector in the country has been experiencing huge deficit in quality human resources which is a bottleneck in the improvement of country's tourism potential. Tourism industry is also prone to external threats like law and order problems, domestic insurgency, terrorism and global political & economic scenario situations which adversely affect the sector. Your Company actively follows prudent managerial and business practices to overcome such situations successfully.

New Initiatives

In view of the prevailing challenging environment, TFCI decided to explore and exploit possibilities for diversification and expansion into adjacent and parallel financial areas to ensure continuous growth in business and financial parameters. Your company also faces competition from banks which have comparative advantage of access to lower cost funds. With a view to raise funds through External Commercial borrowings (ECB) route at a cheaper rate and to exploit the opportunity of inclusion of special category of hotels in the definition of 'infrastructure' in December 2012, the Board decided to set up an NBFC-IFC (Infrastructure Finance Company), as a subsidiary of TFCI. Also, the Board after detailed deliberations,

approved the proposal for floating an Asset Management Company (AMC) for mutual fund operations where TFCI would act as a sponsor. The business would help in diversification of the group's business model into other financial services areas as well as act as a marketing tool to establish the brand "TFCI". The Reserve Bank of India, in the meanwhile, came up with final guidelines inviting applications for setting up of banks in private sector. This offered a readymade opportunity for TFCI to diversify and if permitted, raise resources at a cheaper rate. TFCI pursued this opportunity and has submitted its application for the banking licence on June 20th 2013. The Board of Directors are confident that RBI would consider our application and the possibilities of getting banking licence are quite optimistic. 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.

4. Performance

The operational performance of your Company has improved over the previous year despite difficult business environment. The gross income has gone up by an impressive 39% during the year under review over the corresponding previous period due to increase in interest earnings with increase in loan portfolio. Your Company has achieved a growth of 12.25% in Net Profit After Tax (PAT) over the corresponding previous year figure. During the year the Company had sanctioned ₹393.48 Crore as compared to ₹779.98 Crore in the corresponding period of the previous financial year. During the same period, TFCI had disbursed ₹343.11 Crore as compared to the previous year figure of ₹563.24 Crore. Due to slowdown in economic activities, TFCI deliberately decided not to fund projects with weak fundamentals which might ultimately turn into NPA. Therefore, more emphasis was laid on consolidation & strengthening of monitoring mechanism to prevent slippages which improved the bottom line at a time when most of the NBFCs were facing severe stress on their financials. However, the company has maintained a healthy growth in income from operations as well as in the profitability. We propose to continue with cautious approach and to take proactive steps to contain slippages in existing portfolio so long as the sign of economic recovery is visible.

5. Outlook

Tourism sector is one of the most crucial sectors of the Indian economy. It is not only a significant contributor to



GDP and foreign exchange earnings (FEE) of the country, but also provides widespread employment. The tourism and hospitality industry contributes about 6.23% to the national GDP and 8.78% of the total employment in the country. The sector already accounts for 9 % of the GDP, a total of USD6 trillion, and it provides 120 million direct jobs and another 125 million indirect jobs in related industries. Acknowledging the potential of tourism sector, Government of India has budgeted an expenditure of ₹35,000 Crore for tourism sector in its 12th five year plan period (2012-17) as against a budget of ₹12,000 Crore in the 11th plan.

India's hospitality industry saw a 15%-20% drop in tariffs in 2012 due to the global economic slowdown and an expansion in supply, hammered down further by an increase in air fares. However, in the long term, the demand-supply gap in India is very real and that there is need for more hotels in most cities. The shortage is especially true within the budget and the mid-market segment. There is an urgent need for budget and mid-market hotels in the country as travellers look for safe and affordable accommodation. Various domestic and international brands have made significant inroads into this space and more are expected to follow as the potential for this segment of hotels becomes more obvious. India has also quite good air transport, reasonable ground transport infrastructure although the quality of roads requires further improvement. In addition, India remains a relatively price competitive destination.

However, some aspects of its tourism infrastructure remained somewhat underdeveloped with few hotel rooms per capita by international comparison. Another area of concern is the policy environment, because of the long time and high cost required to start a business, restrictive visa policy and low level of commitment in GATS agreements for tourism services.

Despite increasing instability induced by economic, political, and environmental challenges, tourism is expected to remain a significant driver of future economic growth. Policymakers who concentrate on their countries' most prominent assets and are able to leverage them most effectively are best positioned to turn volatility risks into opportunities for long term stability.

6. Risks and concerns:

The risk management philosophy and policy of a company is an embodiment of its approach to understand, measure and manage risk and aims at ensuring sustained growth of healthy asset portfolio. An innovative approach is undertaken in high-risk areas by taking limited exposure

and optimizing return. The Company has robust risk management framework which provides a scientific method for assessing various risks .

Credit risk: Credit risk occurs when borrower(s), as a counter party, fails to meet its contractual obligations. Credit risk applies not only to loans, but also to other on and off-balance sheet exposure such as guarantees, acceptances and investments in securities. Project lending involves certain inherent risks in a developing economy where long-term macro-economic adjustments towards stability are still in progress. Projects under implementation are prone to time and cost overruns, sometimes due to factors beyond the control of the borrower which may include changes in industrial/economic policies, cost escalation, mismanagement etc. Your Company continues to give utmost priority to its credit appraisal mechanism and building up quality assets to improve recovery, ensure greater control over financed projects and reduce credit risks. The Company undertakes periodic validation exercise of its rating models. TFCI regularly monitors portfolio distribution in terms of risk categories. As the services sector is dependent on the real sector where the pain exists, the risk of default has increased sizably in the last two years. However, TFCI is adopting proactive approach to restructure the viable projects and insists on additional promoter contribution to mitigate such risks.

Interest-rate risk: Interest-rate risks arise out of mismatches between interest-rate-sensitive assets and liabilities. The Company manages such risks by fixing lending interest rates at a level linked to its marginal cost of funds and by constantly monitoring the maturity pattern of its assets and liabilities. Most of the borrowings' portfolio of TFCI is at fixed rate while a major portion of loan assets have variable nature. This contains the interest rate risk in a rising interest rate scenario.

Liquidity risk: Liquidity risk arises out of lack of adequate funds in its day-to-day operations. The Company manages the liquidity risk through prudent resource planning to ensure the availability of adequate funds at all times to meet its obligations on its liabilities as well as disbursements on due dates. There is no liquidity mismatch for TFCI in next five years.

7. Internal control systems and their adequacy:

The Company has an Internal Audit System commensurate with its size and nature of the business activities. Internal Audit System with adequate internal controls has been implemented by the management towards achieving efficiency of operations, management of resources, accuracy and promptness of financial reporting and



compliance with laws and regulations. The framework of the system comprises of a well-defined organizational structure, authority levels, documented policy/guidelines/procedures, management reviews etc. The internal audit is carried out by independent firm of Chartered Accountants and covers all the key areas of the Company's business. The internal audit reports and the adequacy of internal controls are reviewed by the Audit Committee of the Board of Directors. Asset-Liability Committee of the Company reviews regularly the liquidity/gap and interest-rate-sensitivity analysis.

8. Discussion on financial performance

The Financial and other operational performance of the Company under review has been discussed in detail in the Director's Report.

9. Material Developments in human resources/industrial relations front, including number of people employed

Financial Services sector is a knowledge intensive sector where employees' skills form a critical aspect in proper service delivery. The nature of your Company's business requires trained employees. In pursuance of the Company's commitment to develop and retain the best available talent, the Company had been regularly sponsoring the employees for training programmes organized by professional institutions for upgrading the skill and knowledge in different functional areas. Your company has offices in Delhi and Mumbai to provide effective & prompt service to the clients and also for constant follow-up with assisted units in these regions. The work force strength of your Company as on March 31, 2013 was 36.



Managing Director / Chief Financial Officer (CFO) Certification

We, Shashi Sharma, Managing Director (MD) and B. M. Gupta, Chief Financial Officer (CFO) of Tourism Finance Corporation of India Ltd., certify to the Board that:

- a. We have reviewed financial statements and the cash-flow statement for the year and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have informed to the Auditors and the Audit Committee;
 - i. There has not been any significant change in internal control over financial reporting during the year;
 - ii. There has not been any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. We are not aware of any instance, during the year, of significant fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control systems over financial reporting.

Place : New Delhi
Date : April 22, 2013

(B.M. Gupta)
Chief Financial Officer

(Shashi Sharma)
Managing Director

Declaration by the Managing Director under Clause 49(1D) of Listing Agreement

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel for the financial year ended March 31, 2013.

Place : New Delhi
Date : April 22, 2013

(Shashi Sharma)
Managing Director

Auditors' Certificate on Corporate Governance

To the Members of Tourism Finance Corporation of India Limited

We have examined the compliance of conditions of Corporate Governance by Tourism Finance Corporation of India Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR S.S. KOTHARI & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 302034E

Place: Mussoorie
Date : April 27, 2013

Naveen Aggarwal
Partner
Membership No. 094380



APPENDIX TO DIRECTORS' REPORT

TYPE OF PROJECTWISE AND PURPOSE WISE CLASSIFICATION OF FINANCIAL ASSISTANCE SANCTIONED

Purpose	(₹ In Lakhs)									
	New		Expansion		Ren./Eq. Finance		Exp/Reno/Acq./ Restr.		Total	
Type Of Project	No	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
5 STAR HOTEL	3	2700	0	0	0	0	2	4600	5	7300
	78	137575	16	17876	15	6808	21	35377	130	197636
4 STAR HOTEL	2	5000	0	0	0	0	0	0	2	5000
	43	55746	6	7457	5	1995	4	1590	58	66788
3 STAR HOTEL	1	1000	0	0	0	0	3	3630	4	4630
	246	131892	22	12587	11	3743	39	24907	318	173129
2 STAR HOTEL	0	0	0	0	0	0	0	0	0	0
	23	9138	1	388	1	90	2	323	27	9939
HERITAGE	0	0	0	0	0	0	0	0	0	0
	17	3764	3	1030	2	425	2	586	24	5805
UNCLASSIFIED	0	0	0	0	0	0	0	0	0	0
	2	1210	0	0	1	24	1	56	4	1290
AMUSEMENT PARK/ SHOPPING COMPLEX- CUM-ENT. CENTRE/ WATER PARK/ MULTIPLEX/ACTIVITY ATED	0	0	0	0	0	0	1	150	1	150
	33	28683	3	190	0	0	4	1417	40	30290
RESTAURANT	0	0	0	0	0	0	0	0	0	0
	16	5544	3	1835	3	109	2	1805	24	9293
TOURIST CARS/ COACHES	0	0	0	0	0	0	0	0	0	0
	2	241	3	1326	2	600	1	5000	8	7167
RTDC/PALACE ON WHEELS	0	0	0	0	0	0	0	0	0	0
	2	2150	0	0	1	1000	1	500	4	3650
OTHERS	1	1500	0	0	0	0	6	18100	7	19600
	33	38085	3	3600	3	5273	13	31929	52	78887
INFRASTRUCTURE PROJECTS	0	0	0	0	0	0	0	0	0	0
	2	6300	1	3000	0	0	2	4500	5	13800
TOTAL	7	10200	0	0	0	0	12	26480	19	36680
	497	420328	61	49289	44	20067	92	107990	694	597674

Normal - Current Year (2012-2013)

Highlighted - Cumulative



AUDITORS' REPORT

To,
The Members of
Tourism Finance Corporation of India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Tourism Finance Corporation of India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, Implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our Information and according to the explanations given to us, the financial statements give the Information required by the Act in the manner so required and give a true and fair view In conformity with the accounting principles generally accepted in India

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013:
- b) In the case of the Statement of Profit and Loss of the profit for the year ended on that date: and

- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India In terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that.
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S. S. Kothari & Co.
Chartered Accountants
Firm Reg. No: 302034E

Naveen Aggarwal
Partner
M No. 094380

Place: Mussoorie
Date: 27th April, 2013

ANNEXURE TO THE AUDITOR'S REPORT

For the annexure referred to in our report of even date to the members of **Tourism Finance Corporation of India Limited** for the year ended 31st March 2013; we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us. fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification as compared to book records.
 - (c) The company has not disposed off any substantial part of its fixed assets during the period under report
- (ii) The nature of the company's business/activities/transactions does not require it to hold inventories. Hence, the provisions of



Clause 4(ii) (a), (b) & (c) of the Order are not applicable to the company

- (iii) (a) The company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause, 4(iii) (b, c & d) of the Order are not applicable to the Company.
- (b) The company has not taken any loan, secured or unsecured, from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause 4(iii) (e, f & g) of the Order are not applicable to the company.
- (iv) In our opinion and according to the Information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the company.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause 4(v) (b) of the Order are not applicable to the company.
- (vi) The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company
- (vii) In our opinion, the company has an Internal audit system commensurate with its size and nature of its business and activities
- (viii) According to Information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of business carried out by the Company. Therefore, provisions of Clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.
- (b) According to the Information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at 31st March, 2013 for a period of more than six months from the date they become payable
- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, excise duty and cess as at 31st March 2013 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Assessment Year(s)	Amount (In ₹)	Forum where the dispute is pending
Income Tax	2008-09	1,38,51,455	CIT (Aeapels) Delhi XIX
Income Tax	2009-10	3,12,56,600	CIT (Aeapels) Delhi XIX
Income Tax	2010-11	4,46,54,522	CIT (Aeapels) Delhi XIX

- (x) The company has no accumulated losses as at 31st March, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our Opinion and according to the information and explanations given to us, the company has not defaulted In repayment of dues to any financial institution or bank or bond holders.
- (xii) We are of the opinion that the company has maintained adequate records where the company has granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, Clause 4(xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) As per the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to he Information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short- term basis have been used for long term investment.
- (xviii) According to the information and explanation given to us, during the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) During the period covered by our audit report, the Company has issued unsecured bonds on which no security or charge is required to be created.
- (xx) The company has not raised any money by public issue during the year therefore clause 4(xx) of the Order is not applicable to the company.
- (xxi) Based upon the audit procedure performed for the purpose of reporting true and fair view and on the basis of the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For S. S. Kothari & Co.
Chartered Accountants
Firm Reg. No: 302034E

Naveen Aggarwal
Partner
M No. 094380

Place: Mussoorie
Date: 27th April, 2013



BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No.			(In ₹)	
		As At 31 March 2013		As At 31 March 2012	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	2	80,71,67,480		80,71,67,480	
(b) Reserves and Surplus	3	<u>3,39,28,87,638</u>	4,20,00,55,118	<u>2,96,62,84,824</u>	3,77,34,52,304
(2) Non-Current Liabilities					
(a) Long Term Borrowings	4	8,06,50,00,000		7,58,58,00,000	
(b) Other Long Term Liabilities	5	59,89,600		1,03,10,545	
(c) Long Term Provisions	6	<u>7,19,78,056</u>	8,14,29,67,656	<u>5,44,19,382</u>	7,65,05,29,927
(3) Current Liabilities					
(a) Short Term Borrowings	7	2,34,28,934		–	
(b) Other Current Liabilities	8	1,42,48,77,198		40,04,66,716	
(c) Short Term Provisions	9	<u>12,91,07,706</u>	<u>1,57,74,13,838</u>	<u>13,49,09,405</u>	<u>53,53,76,121</u>
TOTAL			<u>13,92,04,36,612</u>		<u>11,95,93,58,352</u>
II. ASSETS					
(1) Non Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		31,64,26,962		27,37,96,652	
(ii) Intangible Assets		10,12,000		15,18,000	
(b) Non Current Investments	11A	24,51,26,003		21,80,11,874	
(c) Deferred Tax Assets (Net)	12	5,14,35,024		3,18,23,723	
(d) Long Term Loans and Advances	13	<u>9,53,60,88,225</u>	10,15,00,88,214	<u>8,97,78,68,730</u>	9,50,30,18,979
(2) Current Assets					
(a) Current Investments	11B	1,56,32,88,981		76,98,14,997	
(b) Cash and Bank Balances	14	1,05,08,241		18,31,39,210	
(c) Short term Loans & Advances	13	2,09,76,54,127		1,40,54,10,841	
(d) Other Current Assets	15	7,45,18,257		6,76,03,466	
(e) Book Debts	16	<u>2,43,78,792</u>	<u>3,77,03,48,398</u>	<u>3,03,70,859</u>	<u>2,45,63,39,373</u>
TOTAL			<u>13,92,04,36,612</u>		<u>11,95,93,58,352</u>

Significant Accounting Policies

The Notes No. 1 to 35 are integral part of these financial statements

As per our report of even date
for S S Kothari & Co.

(Chartered Accountants)
Firm Reg. No: 302034E

(Naveen Aggarwal)
Partner
M.No.94380

Date : April 27, 2013
Place : Mussoorie

for and on behalf of the Board

(Rajiv Singh)
Sr. Company Secretary

(R. R. Rai)
Director

(B.M.Gupta)
Chief Financial Officer

(S.K. Ganguli)
Director

(Shashi Sharma)
Managing Director

(Atul Kumar Rai)
Chairman



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	(In ₹)	
		Year Ended 31 March 2013	Year Ended 31 March 2012
I. Revenue			
(1) Revenue from Operations	17	1,79,86,70,362	1,29,27,09,384
(2) Other Income	18	2,53,30,455	1,05,24,463
II. Total Revenue [(1)+(2)]		1,82,40,00,817	1,30,32,33,847
III. Expenses:			
Employee benefit expenses	19	6,45,25,896	6,39,89,130
Finance costs	20	88,51,63,861	59,25,77,214
Depreciation and Amortization expense	10	1,73,19,095	1,73,87,227
Other expenses	21	7,26,45,714	5,84,58,868
Provision/(Written Back) for doubtful debts/ investments		6,00,00,000	(6,00,00,000)
Total Expenses		1,09,96,54,566	67,24,12,439
IV. Profit before exceptional & extraordinary items and tax (II - III)		72,43,46,251	63,08,21,408
V. Exceptional items		—	—
VI. Profit before extraordinary items and tax (IV - V)		72,43,46,251	63,08,21,408
VII. Extraordinary items		—	—
VIII. Profit before tax (VI - VII)		72,43,46,251	63,08,21,408
IX. Tax expense:			
(1) Current Tax	18,87,00,000	12,35,00,000	
(2) Deferred Tax Liability/(Asset)	(1,96,11,301)	1,26,25,045	13,61,25,045
X. Profit/(Loss) from the period from continuing operations (VII - VIII)		55,52,57,552	49,46,96,363
XI. Profit/(Loss) from discontinuing operations		—	—
XII. Tax expense of discounting operations		—	—
XII. Profit/(Loss) from Discontinuing operations (after tax)(XI - XII)		—	—
XIV. Profit/(Loss) for the period (X + XIII)		55,52,57,552	49,46,96,363
XV. Earning per equity share			
(1) Basic		6.88	6.13
(2) Diluted		6.88	6.13

Significant Accounting Policies

The Notes No. 1 to 35 are integral part of these financial statements

As per our report of even date
for S S Kothari & Co.

(Chartered Accountants)
Firm Reg. No: 302034E

(Naveen Aggarwal)
Partner
M.No.94380

Date : April 27, 2013
Place : Mussoorie

for and on behalf of the Board

(Rajiv Singh)
Sr. Company Secretary

(R. R. Rai)
Director

(B.M.Gupta)
Chief Financial Officer

(S.K. Ganguli)
Director

(Shashi Sharma)
Managing Director

(Atul Kumar Rai)
Chairman



NOTE No. 1

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the requirements of the Companies Act, 1956 and in compliance with the applicable accounting standards referred to in sub-section (3C) of the section 211 of the said Act. The accounting policies, except stated otherwise, have been consistently applied by the Company. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

2. Revenue Recognition:

For recognition of revenue, the Company adopts the accrual basis except where there is uncertainty as to collection. Income on “Non-Performing Assets” is accounted on realisation. Dividend Income is recognized on actual receipt basis.

Revenue from lease rentals are recognised on a time proportion basis from the commencement date, as prescribed in the lease agreement entered with the lessees.

3. Fixed Assets and Depreciation:

- a) Fixed Assets are shown at historical cost less accumulated depreciation.
- b) Depreciation on assets is provided on the Written Down Value Method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- c) Intangible assets are amortised over the expected duration of benefit or 10 years, whichever is lower. Accordingly computer software is amortised over a period of 5 years

4. Investments:

- a) One of the principal business of the Company is the acquisition of shares and securities; accordingly purchases and sales made during the year are not required to be disclosed under Schedule VI Part I (I). Transaction details of Investments in units, that are not investment in body corporate, are also not shown separately except opening & closing stock.
- b) The cost of acquisition of investments is arrived at after adjusting front-end fee/underwriting commission received on subscription/development.
- c) The investments are categorized into “Long Term Investments” and “Current Investments” as per Accounting Standard-13 on “Accounting for investments” referred to in Section 211(3C) of the companies Act, 1956 for Investments.
- d) The investment under “Current Investments” are valued on the basis of market value/break up value or cost whichever is lower.
- e) The investment under “Long Term Investments” are valued at cost less permanent diminution in value, wherever applicable, for each individual Investment.

5. Loans to Companies :

- a) Pursuant to the prudential norms of the Reserve Bank of India for the purposes of the revenue recognition and provisioning, loans given have been treated as performing and non-performing based on the record of recovery of interest/ installments. Payments received upto the Balance Sheet date have been considered for treating the account as performing.
- b) General provision for standard & substandard assets and specific provision for doubtful assets and loss assets is being made in accordance with applicable RBI guidelines. However, the Board of Directors, as a matter of prudence has decided to make additional provision against outstanding assets portfolio maximum upto 4% of the total assets outstanding in addition to the provisions as per RBI guidelines. The balance in the Special Reserve created in terms of Section 36(1) (viii) of the Income-tax Act, 1961, is also available to cover any loss on loans given.

**6. Retirement Benefits :****a) Gratuity:**

The company has a defined employee benefit scheme in the form of gratuity. Accordingly the Company has taken a Group Gratuity scheme with the Life Insurance Corporation of India (LIC) for which the insurance premium is accounted for as an expense in the Profit & Loss account. The insurance premium is determined on the basis of actuarial valuation of the available fund with LIC under the policy and the year end obligation under the scheme.

b) Provident Fund:

Contribution to the Provident Fund as per provisions of Employees Provident Fund Act 1952 is remitted to the P.F. Commissioner and is charged to the Profit & Loss Account.

c) Leave Encashment:

Leave Encashment benefits (short term compensated absences) are provided on the basis of calculations made by the Company based on average encashable salary of the Employees.

7. Taxation & Deferred Taxation:

The provision for taxation & deferred taxation is made as per the income tax act 1961 and Accounting Standard 22, as issued by ICAI, respectively.

8. Lease:

Leases where the Lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating Lease payments are charged to the statement of Profit & Loss.

9. Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

10. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

11. Cash Flow:

Cash flows are reported using indirect method whereby a profit before tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated

12. The ALM Statement has been prepared as per RBI Guidelines.



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	As At 31 March 2013	As At 31 March 2012		
		(In ₹)		
2 SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
25,00,00,000 Equity Shares (P. Y. 25,00,00,000) of ₹10/- each	2,50,00,00,000	2,50,00,00,000		
25,00,00,000 Cumulative Redeemable Preference Shares (P. Y. 25,00,00,000) of ₹10/- each	2,50,00,00,000	2,50,00,00,000		
TOTAL	<u>5,00,00,00,000</u>	<u>5,00,00,00,000</u>		
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
8,07,16,748 Equity Shares (P.Y. 8,07,16,748) of ₹10/- each Fully Paid Up	80,71,67,480	80,71,67,480		
TOTAL	<u>80,71,67,480</u>	<u>80,71,67,480</u>		
Terms / rights attached to equity shares				
The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share				
Reconciliation of Issued Share Capital	No of Shares	Amount	No of Shares	Amount
Equity shares outstanding at the beginning of the year	8,07,16,748	80,71,67,480	8,07,16,748	80,71,67,480
Issued During year	—	—	—	—
Brought Back During year	—	—	—	—
Equity shares outstanding at the end of the year	<u>8,07,16,748</u>	<u>80,71,67,480</u>	<u>8,07,16,748</u>	<u>80,71,67,480</u>
Shareholders holding more than 5% of Shares in the company	No of Shares	% of shares	No of Shares	% of shares
(a) IFCI Ltd.	3,43,04,266	42.50%	3,43,04,266	42.50%
(b) State Bank of India	74,16,296	9.19%	74,16,296	9.19%
(c) Life Insurance Corporation of India	62,13,180	7.70%	62,13,180	7.70%
3 RESERVES AND SURPLUS				
(a) Capital Reserve				
Balance at the beginning of the year		11,55,000		11,55,000
Add: Current Year Transfer		—		—
Less: Written Back in Current period		—		—
Balance at the end of the year		<u>11,55,000</u>		<u>11,55,000</u>
(b) Security Premium Reserve				
Balance at the beginning of the year		63,95,49,680		64,91,87,668
Add: Current Year Transfer		—		—
Less: Utilised during the year		1,60,81,510		96,37,988
Balance at the end of the year		<u>62,34,68,170</u>		<u>63,95,49,680</u>
(c) Special Reserves				
(i) Under Section 36(1)(viii) of the Income Tax Act 1961				
Balance at the beginning of the year		93,18,33,000		83,47,33,000
Add: Current Year Transfer		14,72,00,000		9,71,00,000
Less: Written Back in Current period		—		—
Balance at the end of the year		<u>1,07,90,33,000</u>		<u>93,18,33,000</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	As At 31 March 2013	As At 31 March 2012 (In ₹)
(ii) Under Section 45 IC of RBI Act, 1934		
Balance at the beginning of the year	25,59,14,000	15,69,75,000
Add: Current Year Transfer	11,10,52,000	9,89,39,000
Less: Written Back in Current period	—	—
Balance at the end of the year	<u>36,69,66,000</u>	<u>25,59,14,000</u>
(iii) Under Section 36(1)(viiia) of the Income Tax Act, 1961		
Balance at the beginning of the year	4,68,49,000	2,69,49,000
Add: Current Year Transfer	3,03,00,000	1,99,00,000
Less: Written Back in Current period	—	—
Balance at the end of the year	<u>7,71,49,000</u>	<u>4,68,49,000</u>
(e) General Reserve		
Balance at the beginning of the year	94,92,09,294	84,92,09,294
Add: Current Year Transfer	10,00,00,000	10,00,00,000
Less: Written Back in Current period	—	—
Balance at the end of the year	<u>1,04,92,09,294</u>	<u>94,92,09,294</u>
(f) Surplus in Profit and Loss Statement		
Balance at the beginning of the year	14,17,74,850	7,55,90,715
Add: Current Year Transfer	55,52,57,552	49,46,96,363
Less: Provision u/s 36(1)(viiia) of the Income Tax Act 1961	3,03,00,000	1,99,00,000
Less: Special reserve u/s 36(1)(viii) of the Income Tax Act 1961	14,72,00,000	9,71,00,000
Less: Special reserve u/s 45 IC of the RBI Act, 1934	11,10,52,000	9,89,39,000
Less: General reserve	10,00,00,000	10,00,00,000
Less: Proposed Dividend	9,68,60,098	9,68,60,098
Less: Provision for Dividend tax	1,57,13,130	1,57,13,130
Balance at the end of the year	<u>19,59,07,174</u>	<u>14,17,74,850</u>
GRAND TOTAL	<u>3,39,28,87,638</u>	<u>2,96,62,84,824</u>
4 LONG TERM BORROWINGS		
a) Bonds		
- Un Secured		
9.65% Bonds (2023) (Series MB XLVI-C)	75,00,00,000	—
750 Nos of 9.65% Bonds of ₹10,00,000/- each Redeemable at par on 25 February 2033		
9.60% Bonds (2023) (Series MB XLVI-B)	1,00,00,00,000	—
1000 Nos of 9.60% Bonds of ₹10,00,000/- each Redeemable at par on 25 February 2028		
9.50% Bonds (2023) (Series MB XLVI-A)	50,00,00,000	—
500 Nos of 9.50% Bonds of ₹10,00,000/- each Redeemable at par on 25 February 2023		
9.95% Bonds (2022) (Series MB XLV)	75,00,00,000	—
750 Nos of 9.95% Bonds of Rs.10,00,000/- each Redeemable at par on 21 August 2022		
9.95% Bonds (2022) (Series MB XLIV)	75,00,00,000	—
750 Nos of 9.95% Bonds of Rs.10,00,000/- each Redeemable at par on 01 July 2022		
9.65% Bonds (2022) (Series MB XLIII)	56,50,00,000	56,50,00,000
565 Nos of 9.65% Bonds of ₹10,00,000/- each Redeemable at par on 19 April 2022		



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	As At 31 March 2013	(In ₹) As At 31 March 2012
With call option after 7 years (i.e 19 March 2019) 10.20% Bonds (2021) (Series MB XLII)	1,00,00,00,000	1,00,00,00,000
1000 Nos of 10.20% Bonds of ₹10,00,000/- each Redeemable at par on 16 November 2021		
10.15% Bonds (2021) (Series MB XLI)	1,00,00,00,000	1,00,00,00,000
1000 Nos of 10.15% Bonds of ₹10,00,000/- each Redeemable at par on 01 September 2021		
8.90% Bonds (2020) (Series MB XXXX)	50,00,00,000	50,00,00,000
500 Nos of 8.90% Bonds of ₹10,00,000/- each Redeemable at par on 29 November 2020		
8.50% Bonds (2013) (Series MB XXXVII)	— *	9,07,00,000
907 Nos of 8.50% Bonds of ₹1,00,000/- each Redeemable at par on 24 December 2013		
8.50% Bonds (2013) (Series MB XXXVI)	— *	58,01,00,000
5801 Nos of 8.50% Bonds of ₹1,00,000/- each Redeemable at par on 31 October 2013		
8.75% Bonds (2013) (Series MB XXXV A)	— *	35,00,00,000
3500 Nos of 8.75% Bonds of ₹1,00,000/- each Redeemable at par on 27 May 2013		
* Amount disclosed under other current liabilities in note 8		
TOTAL	<u>6,81,50,00,000</u>	<u>4,08,58,00,000</u>
SUBORDINATE DEBT		
9.50% Bonds (2019) [Series MB XXXVIII]	75,00,00,000	75,00,00,000
750 Nos of 9.50% Bonds of ₹10,00,000/- each Redeemable at par on 30 April 2019		
9.50% Bonds (2019) [Series MB XXXIX]	25,00,00,000	25,00,00,000
250 Nos of 9.50% Bonds of ₹10,00,000/- each Redeemable at par on 30 April 2019		
TOTAL	<u>1,00,00,00,000</u>	<u>1,00,00,00,000</u>
TOTAL Bonds	<u>7,81,50,00,000</u>	<u>5,08,58,00,000</u>
b) Term Loans from Banks		
- Secured		
(Secured By Hypothecation of Book Debts/future receivables)		
Canara Bank	25,00,00,000	—
Terms Loan is Repayable on 28 March 2016 - ₹7,50,00,000/- Terms Loan is Repayable on 28 March 2017 - ₹7,50,00,000/- Terms Loan is Repayable on 28 March 2018 - ₹10,00,00,000/-		
State Bank of India	—	50,00,00,000
Terms Loan is Repayable on 14 June 2015 - ₹50,00,00,000/-		
Central Bank of India	—	50,00,00,000
Terms Loan is Repayable on 15 March 2015 - ₹50,00,00,000/-		
Union Bank of India	—	50,00,00,000
Terms Loan is Repayable on 22 March 2014 - ₹15,00,00,000/- Terms Loan is Repayable on 22 March 2015 - ₹15,00,00,000/- Terms Loan is Repayable on 22 March 2016 - ₹20,00,00,000/-		
State Bank of India	—	1,00,00,00,000
Terms Loan is Repayable on 28 March 2014 - ₹100,00,00,000/-		
TOTAL	<u>25,00,00,000</u>	<u>2,50,00,00,000</u>
GRAND TOTAL	<u>8,06,50,00,000</u>	<u>7,58,58,00,000</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	As At 31 March 2013	As At 31 March 2012
		(In ₹)
5 OTHER LONG TERM LIABILITIES		
Security Deposits Received	49,89,600	45,65,340
Advance received from customers	10,00,000	57,45,205
TOTAL	<u>59,89,600</u>	<u>1,03,10,545</u>
6 LONG TERM PROVISIONS		
Provision for Employee Benefits	2,04,78,056	1,46,19,382
Contingent Provision Against Standard Assets	5,15,00,000	3,98,00,000
Balance at the beginning of the year	3,98,00,000	3,98,00,000
Add: Current Year Transfer	1,17,00,000	-
Less: Written Back in Current period	-	-
Balance at the end of the year	<u>5,15,00,000</u>	<u>3,98,00,000</u>
TOTAL	<u>7,19,78,056</u>	<u>5,44,19,382</u>
7 SHORT TERM BORROWINGS		
- Secured		
Bank Overdraft	2,34,28,934	-
(Secured By Hypothecation of Book Debts/Future receivables)		
TOTAL	<u>2,34,28,934</u>	<u>-</u>
8 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings		
- Bonds (Un Secured)	1,02,08,00,000	31,34,00,000
Interest Accrued but not due on Borrowings	16,84,81,645	7,08,65,754
Unpaid Dividend	1,04,62,532	85,34,175
Advance received from customers	6,71,12,152	40,88,513
Statutory Dues	38,40,183	33,69,143
Security Deposits Received	45,65,340	-
Book Overdraft	14,93,29,369	-
Other Payables	2,85,977	2,09,131
TOTAL	<u>1,42,48,77,198</u>	<u>40,04,66,716</u>
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits	1,37,33,162	1,53,43,303
Other Provisions		
- Proposed Dividend (including dividend distribution tax)	11,25,73,228	11,25,73,228
- Provision for Expenses	28,01,316	69,92,874
TOTAL	<u>12,91,07,706</u>	<u>13,49,09,405</u>



NOTE NO. 10
FIXED ASSETS AS AT 31ST MARCH 2013

(In ₹)

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at 01/04/2012	Addition	Deletions	As at 31/03/2013	As at 01/04/2012	Addition Adjustments	As at 31/03/2013	As at 31/03/2012
Tangible Assets								
Leased Assets								
Plant & Machinery	1,30,33,143	-	-	1,30,33,143	1,30,33,143	-	1,30,33,143	-
Furniture & Fixture	31,08,500	-	-	31,08,500	31,08,500	-	31,08,500	-
Vehicles	69,66,857	-	-	69,66,857	69,66,857	-	69,66,857	-
Sub Total A	2,31,08,500	-	-	2,31,08,500	2,31,08,500	-	2,31,08,500	-
Other Assets								
Land (Mussorie)	-	1,33,84,350	-	1,33,84,350	-	-	-	-
Building								
- Building (Mussorie)	-	4,48,46,990	-	4,48,46,990	-	8,90,796	8,90,796	-
- Building (NBCC Plaza)	20,62,01,760	-	-	20,62,01,760	3,80,39,364	84,08,120	4,64,47,484	16,81,62,396
- Building (SCOPE Minar)	13,56,09,423	3,29,594	-	13,59,39,017	4,19,66,516	46,85,983	4,66,52,499	9,36,42,907
Furniture & Fixture	1,11,31,316	-	-	1,11,31,316	64,75,580	8,42,688	73,18,268	46,55,736
Office Equipment	52,05,481	42,930	64,820	51,83,591	32,09,323	2,76,955	34,73,284	19,96,158
Electricals	30,99,982	-	-	30,99,982	13,72,527	2,40,289	16,12,816	17,27,455
Computers	1,09,94,645	14,15,285	1,29,484	1,22,80,446	95,50,966	10,03,455	1,04,84,046	14,43,679
Vehicles	54,48,762	-	12,48,475	42,00,287	32,80,441	4,64,809	29,61,584	21,68,321
Sub Total B	37,76,91,369	6,00,19,149	14,42,779	43,62,67,739	10,38,94,717	1,68,13,095	11,98,40,777	27,37,96,652
Total C= (A+B)	40,07,99,869	6,00,19,149	14,42,779	45,93,76,239	12,70,03,217	1,68,13,095	14,29,49,277	27,37,96,652
Intangible Assets								
Computer Software	25,30,000	-	-	25,30,000	10,12,000	5,06,000	15,18,000	15,18,000
Sub Total D	25,30,000	-	-	25,30,000	10,12,000	5,06,000	15,18,000	15,18,000
Grand Total C+D	40,33,29,869	6,00,19,149	14,42,779	46,19,06,239	12,80,15,217	1,73,19,095	14,44,67,277	27,53,14,652
As on 31.03.2012	40,29,90,385	10,43,916	7,04,432	40,33,29,869	11,08,11,455	1,73,87,227	12,80,15,217	27,53,14,652



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note No.	Particulars	As At 31 March 2013			As At 31 March 2012		
		Face Value	Nos	Amount	Face Value	Nos	Amount
11A	NON CURRENT INVESTMENTS						
	Long Term Investments						
	Non-Trade - Unquoted						
	a Investments in Equity Instruments						
	- Associates						
	North East Tourism Dev. Corpn. Pvt. Ltd.	10	2600	26,000	10	2600	26,000
	- Others						
	Cross Country Hotels Ltd.	10	250000	24,62,500	10	250000	24,62,500
	Balaji Hotels Ltd.	10	170000	2,55,00,000	10	170000	2,55,00,000
	Hotel Parag Ltd.	10	826258	82,62,580	10	826258	82,62,580
	Assets Care Enterprises Ltd.	10	2040000	2,04,00,000	10	2040000	2,04,00,000
	Shell Inn International Limited	10	13700000	13,70,00,000	10	13700000	13,70,00,000
	TOTAL			<u>19,36,51,080</u>			<u>19,36,51,080</u>
	b Investment in Preference Shares						
	IFCI Ltd.	10	2000000	2,00,00,000	10	2000000	2,00,00,000
	0.10% Redeemable Cumulative Preference Shares						
	Royale Manore Hotel & Industries Ltd	100000	77	77,00,000	100000	126	1,26,00,000
	4% Optionally Convertible Preference Shares						
	Appu Hotels Ltd	10	6000000	6,00,00,000	10	6000000	6,00,00,000
	6% Redeemable Cumulative Preference Shares						
	TOTAL			<u>8,77,00,000</u>			<u>9,26,00,000</u>
	GRAND TOTAL (a+b)			<u>28,13,51,080</u>			<u>28,62,51,080</u>
	Less: Provision for Diminution in Value of investments			<u>3,62,25,077</u>			<u>6,82,39,206</u>
	Net Long Term Investments			<u>24,51,26,003</u>			<u>21,80,11,874</u>
	Aggregate Amount of Un Quoted Investments			<u>28,13,51,080</u>			<u>28,62,51,080</u>
11B	CURRENT INVESTMENTS						
	(also refer note no. 1)						
	Quoted						
	a Equity Shares						
	Nicco Parks and Resorts Ltd.	1	991030	14,86,545	1	1000000	15,00,000
	IDFC Ltd	-	-	-	10	7350	2,49,900
	Union Bank of India	-	-	-	10	4586	5,04,460
	Viceroy Hotels Ltd.	10	200000	2,00,00,000	10	200000	2,00,00,000
	Punjab Woolcombers Ltd.	10	2500	21,500	10	2500	21,500
	Reliance Power Ltd.	10	12275	34,52,400	10	12275	34,52,400
	IFCI Ltd.	10	12576393	36,84,20,087	10	15640537	45,81,82,882
	b Units of Liquid Mutual Funds						
	Un-Quoted						
	c Certificate of Deposit						
	State Bank of Mysore		2500	22,98,18,500		-	-
	Axis Bank		2500	24,60,71,250		-	-
	Punjab National Bank		5000	49,03,86,000		-	-
	Punjab National Bank		2500	24,58,70,500		-	-
	Total Current Investments (a+b+c)			<u>1,60,55,26,782</u>			<u>76,98,14,997</u>
	Less: Provision for Diminution in Value of investments			<u>4,22,37,801</u>			-
	Net Current Investments			<u>1,56,32,88,981</u>			<u>76,98,14,997</u>
	Aggregate Amount of Quoted Investments			<u>39,33,80,532</u>			<u>76,98,14,997</u>
	Aggregate Market Value of Quoted Investments			<u>35,11,42,731</u>			<u>96,66,50,316</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	As At 31 March 2013	As At 31 March 2012		
		(In ₹)		
12 DEFERRED TAX ASSETS (NET)				
Deferred tax asset due to:				
a) Provision for doubtful debts and advances	5,13,66,568	2,74,43,842		
b) Provision for diminution in value of investments	1,93,47,534	1,68,26,560		
c) Provision for Gratuity	–	27,23,630		
Deferred tax liability due to:				
a) Depreciation	(1,65,55,448)	(1,51,70,309)		
b) Change/Revaluation of Earlier Year Timing Difference	(27,23,630)	–		
TOTAL	<u>5,14,35,024</u>	<u>3,18,23,723</u>		
13 LONG TERM LOANS & ADVANCES				
Secured (Considered Good)*	Non Current Portion	Current Maturities	Non Current Portion	Current Maturities
Loan to Companies	9,39,47,12,829	1,99,94,88,838	8,74,35,01,313	1,31,60,61,801
Debentures	6,24,31,274	9,38,27,000	10,70,68,276	8,54,25,000
Aggregate Loans to Companies (Gross Loans)	9,45,71,44,103	2,09,33,15,838	8,85,05,69,589	1,40,14,86,801
Less: Provision for Doubtful Loans	15,68,14,347	–	11,12,97,019	–
Total	<u>9,30,03,29,756</u>	<u>2,09,33,15,838</u>	<u>8,73,92,72,570</u>	<u>1,40,14,86,801</u>
Loans to Employees	5,24,40,397	31,34,143	4,98,82,694	32,94,396
Unsecured (Considered Good)				
Security Deposits	3,78,093	–	4,08,284	–
Loans to Employees	–	4,27,000	–	4,55,000
Advance to Employees	–	87,000	–	1,01,825
Other receivables & Advances	–	6,90,146	47,00,000	72,819
Advance Income Tax and TDS (Net of Provisions)	18,29,39,979	–	18,36,05,182	–
TOTAL	<u>9,53,60,88,225</u>	<u>2,09,76,54,127</u>	<u>8,97,78,68,730</u>	<u>1,40,54,10,841</u>
* The loans and debentures are secured by way of				
i) Hypothecation of assets and/or				
ii) Mortgage of property and/or				
iii) Trust and retention account and/or				
iv) Bank guarantees, company guarantee, sponsor guarantee or personal guarantee and/or				
v) Assignment of receivables or rights and/or				
vi) Pledge of shares				
13A Outstanding letter of comfort issued against undisbursed term loan ₹2,00,00,000/- (P.Y. ₹2,00,00,000/-)				
14 CASH AND BANK BALANCES				
a) Cash and cash equivalents				
- Balances with Banks				
Current Accounts	–			7,35,93,210
- Deposit accounts	–			10,00,00,000
- Cheques in Hand	–			9,85,185
- Cash In Hand	45,709			26,640
b) Other Bank Balances				
- Unpaid Dividend Accounts	1,04,62,532			85,34,175
TOTAL	<u>1,05,08,241</u>			<u>18,31,39,210</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	(In ₹)	
	As At 31 March 2013	As At 31 March 2012
15 OTHER CURRENT ASSETS		
Interest accrued on Investments	22,67,890	9,70,547
Interest accrued on loans & deposits	7,05,94,720	6,66,32,919
Service Tax Paid (Unutilised Balance Cenvat Credit)	16,55,647	-
TOTAL	<u>7,45,18,257</u>	<u>6,76,03,466</u>
16 BOOK DEBTS		
Interest accrued and due on loans & deposits	2,43,78,792	3,03,70,859
TOTAL	<u>2,43,78,792</u>	<u>3,03,70,859</u>
Note Particulars No.	(In ₹)	
	Year Ended 31 March 2013	Year Ended 31 March 2012
17 REVENUE FROM OPERATIONS		
Interest on Loans & Deposits	1,73,82,93,049	1,16,17,34,353
Other Fees & Charges	3,05,83,350	5,04,71,014
Dividend Received	2,06,50,081	69,85,231
Profit on Sale of Investments	54,49,860	6,82,76,286
Other Financial Services		
Consultancy Income	36,94,022	52,42,500
TOTAL	<u>1,79,86,70,362</u>	<u>1,29,27,09,384</u>
18 OTHER INCOME		
Interest on Loans to Staff	26,55,239	21,33,758
Rental Income	2,05,95,205	42,70,802
Miscellaneous Income	20,80,011	41,19,903
TOTAL	<u>2,53,30,455</u>	<u>1,05,24,463</u>
19 EMPLOYEE BENEFIT EXPENSES		
Salaries & Allowances	5,19,92,482	5,55,31,142
Contribution to Provident Fund	33,20,123	32,50,449
Contribution to Gratuity	75,77,543	35,94,379
Staff Welfare Expenses & Others	16,35,748	16,13,160
TOTAL	<u>6,45,25,896</u>	<u>6,39,89,130</u>
20 FINANCE COSTS		
Interest on Borrowings	88,51,63,861	59,25,77,214
TOTAL	<u>88,51,63,861</u>	<u>59,25,77,214</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	(In ₹)	
	Year Ended 31 March 2013	Year Ended 31 March 2012
21 OTHER EXPENSES		
Rent Rates & Taxes	3,56,24,037	1,07,72,024
Electricity & water	–	1,16,410
Office Upkeep & Maintenance	93,39,122	81,85,808
Travelling and Conveyance	50,57,992	58,04,289
Printing and Stationery	7,33,941	9,01,305
Postage, Telephone and Telex	20,03,851	23,07,996
Sitting Fee (Directors)	5,86,853	7,86,000
Membership and Subscription	1,95,272	1,07,048
Auditors Remuneration		
- Audit Fee	2,52,811	2,20,600
- Reimbursement of Expenses	<u>64,490</u>	<u>55,152</u>
Insurance Expenses	3,50,168	1,92,422
Listing Fee	6,71,133	6,43,723
Legal and Professional Charges	21,36,889	1,41,69,430
Rating Fees	84,41,537	60,84,977
Advertisement & Publicity	14,85,429	28,44,683
Registrar & Transfer Agent Fee	3,95,974	4,38,943
AGM Expenses	19,33,000	19,35,392
Bank Charges	4,702	11,18,812
Books & Periodicals	2,13,972	2,36,559
Miscellaneous Expenses	31,23,372	12,01,499
Loss on Sale of Assets	31,169	3,35,796
TOTAL	<u>7,26,45,714</u>	<u>5,84,58,868</u>
22 Contingent liabilities not provided for where order of CIT(Appeals)/ITAT, in similar matters, in previous years, are in favour of the TFCI		
Income Tax	8,97,62,577	7,61,35,497
23 Expenditure in Foreign Currency		
Subscription to Publications	–	–
Conference / Training (including travelling cost)	–	1,91,962
Total	<u>–</u>	<u>1,91,962</u>
24 Remuneration to Managing Director		
Salary	21,56,397	45,51,788
Contribution to Provident fund	1,38,900	3,27,280
Perquisites	<u>15,28,125</u>	<u>23,83,731</u>
Total	<u>38,23,422</u>	<u>72,62,799</u>
25 The Company is engaged mainly in the business of financing. Since all activities are related to the main activity, there are no reportable segments as per Accounting Standard Segment Reporting (AS-17)		
26 During the year, 3 cases have been restructured under the Corporate Debt restructuring mechanism involving principal amount of ₹91,17,50,000. The restructuring involves basically deferment of recovery of principal dues, in view of the prevailing difficult market conditions and in all the cases, the present NPV has been protected. In one case, pending documentation, the		



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

approved scheme is yet to be implemented and status quo as on 1st October 2012 has been maintained. The accounts have been treated as “Standard Assets”

27 Related Party Disclosure

As per Accounting Standard – 18, the Company’s related parties and transactions are disclosed below :

A. Related Parties

Related Parties	Relation	Transactions
1. IFCI Ltd (Investing Company)	Associate	- Dividend Paid - ₹4,11,65,119/- (P.Y. ₹3,95,71,203/-) - Dividend Received - ₹1,56,60,537/- (P.Y. ₹20,000/-) - Rent & Other Charges Paid - ₹3,76,36,049/- (P.Y. ₹1,02,07,007/-) - Investment in Equity Shares of IFCI Ltd Outstanding ₹36,84,20,087/- (P.Y. ₹45,81,82,882/-) - Investment in Preference Shares of IFCI Ltd Outstanding ₹2,00,00,000/- (P.Y. ₹2,00,00,000/-)
2. North-east Tourism Dev. Corp. Pvt Ltd (NETDCL)	Associate	- Dividend Received - ₹1,30,000/- (P.Y. NIL) - Investment in Preference Shares of NETDCL Outstanding ₹26,000/- (P.Y. ₹26,000/-)

B. Key Managerial Personnel

Key Managerial Personnel	Relation	Transactions
Shivendra Tomar	Managing Director (Up to 11 September 2012)	- Remuneration Paid ₹38,23,422/- (P.Y. ₹37,11,684/-)

28 Earning per Equity Share

Particulars	Period Ended 31.03.2013	Period Ended 31.03.2012
Net Profit Attributable to Equity Shareholders	55,52,57,552	49,46,96,363
Weighted Average No. of Equity Shares (No.s)	8,07,16,748	8,07,16,748
Basic Earning Per share of Face Value ₹10/- each	6.88	6.13
Diluted Earning Per share of Face Value ₹10/- each	6.88	6.13

29 Capital Commitments: NIL (Previous Year NIL)

30 Interest on Loans & Deposits includes profit on sale of units of Debt based Mutual Funds	5,34,21,101	5,31,03,529
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31 Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with the current year’s figures

32 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

33 Disclosure required in Accordance with AS-19 - Leases**A. Assets taken on operating lease:**

1. The Company has taken Office Premises on non-cancellable operating lease. Minimum lease payments of ₹3,76,36,049/- (P.Y. ₹1,02,07,007/-) are charged to Statement of Profit & Loss during the year.
2. Future commitments in respect of minimum lease payments payable in respect of aforesaid lease entered by the Company are as follows:

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
a) Not later than one year	99,95,458	1,07,22,486
b) Later than one year but not later than five years	—	—
c) Later than five years	—	—

B. Assets given on operating lease:

Future minimum lease rent receivable by the Company in respect of non-cancellable operating lease for office premises entered by the Company are as follows:

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
a) Not later than one year	2,39,69,758	1,82,61,360
b) Later than one year but not later than five years	3,74,22,000	1,39,90,558
c) Later than five years	—	—

34 Disclosure required in Accordance with AS-15 - Employees Benefits**a) Defined Contribution Plans:**

The Company has recognised ₹33,20,123/- (P.Y. ₹32,50,449/-) as expense in Statement of Profit & Loss.

b) Defined Benefit Plans:

Gratuity – As per actuarial valuations as on March 31, 2013 and recognized in the financial statements

I Recognised in the Profit & Loss A/c

1 Current Service Cost	11,78,161	8,83,849
2 Interest Cost	9,78,981	7,19,090
3 Expected Return on Plan Asset	(1,10,089)	(97,610)
4 Past Service Cost	—	—
5 Actuarial (gain)/loss recognized	53,11,088	20,49,554
6 Expense recognized in Statement of Profit & Loss / Reserves	73,58,141	35,54,883

II Net Asset/(Liability) recognized in Balance Sheet

1 Present Value of Obligation at the year end	1,85,63,065	1,22,37,266
2 Fair Value on Plan Assets	6,63,845	11,91,731
3 Fund Status (Surplus/Deficit)	(1,78,99,220)	(1,10,45,535)
4 Unrecognised Past Service Cost	—	—
5 Net Asset/(Liability) recognized in Balance Sheet	(1,78,99,220)	(1,10,45,535)

III Change in Present value of Obligations during the year

1 Present Value of Obligation at the beginning of the year	1,22,37,266	89,88,619
2 Current Service Cost	11,78,161	8,83,849
3 Interest Cost	9,78,981	7,19,090
4 Actuarial (gain)/loss on Obligations	53,11,088	20,49,554
5 Benefits Paid	(11,42,431)	(4,03,846)
6 Present Value of Obligation at the end of the year	1,85,63,065	1,22,37,266



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note Particulars No.	Year Ended 31 March 2013	Year Ended 31 March 2012
		(In ₹)
IV Change in Fair Value of Assets during the year		
1 Fair Value of Plan Asset at the beginning of the year	12,23,216	10,84,555
2 Expected Return on Plan Asset	1,10,089	97,610
3 Actuarial gain/loss on Plan Asset	-	-
4 Contributions	4,72,971	4,13,412
5 Benefits Paid	(11,42,431)	(4,03,846)
6 Fair Value of Plan Asset at the end of the year	6,63,845	11,91,731
V Actuarial Assumptions		
1 Mortality Table	IALM (1994-96)	LIC (1994-96)
2 Discount Rate	8%	8%
3 Salary Escalation	6%	6%
VI Bifurcation of Present Value of Obligation at the end of year as per revised schedule VI to the companies Act		
1 Current Liability	2,72,130	16,58,856
2 Non Current Liability	1,19,65,136	1,69,04,209
Total Present Value of Obligation at the end of the year	1,22,37,266	1,85,63,065

35 The additional information required to be disclosed vide RBI norms - as certified by the management

35.1 Loans and advances availed (including interest accrued thereon but not paid)

Particulars	Outstanding	Overdue	Outstanding	Overdue
Debentures (Bonds)				
- Secured	Nil	Nil	Nil	Nil
- Unsecured	8,83,58,00,000	Nil	5,39,92,00,000	Nil
Deferred Credits	Nil	Nil	Nil	Nil
Term Loans	25,00,00,000	Nil	2,50,00,00,000	Nil
Inter Corporate Deposits	Nil	Nil	Nil	Nil
Commercial Papers	Nil	Nil	Nil	Nil

35.2 Break-up of Loans and Advances including bills receivables (Net of Specific Provision / Write Off), including interest accrued thereon

Particulars	Amount Outstanding	Amount Outstanding
a) Secured	11,48,95,48,558	10,23,87,08,354
b) Unsecured	Nil	Nil

35.3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities : NIL



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

(In ₹)

Note Particulars No.	Year Ended 31 March 2013	Year Ended 31 March 2012
35.4 Break-up of Investments (Net of Specific Provision / Write Off)		
A. Current Investments		
Quoted		
i) Shares		
- Equity	35,11,42,731	48,39,11,142
- Preference	NIL	NIL
ii) Units of Mutual Funds	-	28,59,03,855
Un Quoted		
i) Certificate of Deposits	1,21,21,46,250	NIL
B. Long Term Investments		
Quoted		
	NIL	NIL
Un Quoted		
i) Shares		
- Equity	15,74,26,003	12,54,11,874
- Preference	8,77,00,000	9,26,00,000
Total Investments (Current + Long Term)	1,80,84,14,984	98,78,26,871

35.5 Borrower group-wise classification of assets financed as in (35.2) and (35.3) above

Particulars	Amount (Net of Specific provision)			Amount (Net of Specific provision)		
	Secured	unsecured	Total	Secured	unsecured	Total
i) Related Parties						
- Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
- Companies in Same Group	Nil	Nil	Nil	Nil	Nil	Nil
- Other Related Parties	Nil	Nil	Nil	Nil	Nil	Nil
ii) Other than Related Parties	11,48,86,19,106	Nil	11,48,86,19,106	10,23,77,63,149	Nil	10,23,77,63,149

35.6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Particulars	Market value/ Break up value or Fair Value or NAV	Book Value (Net of Specific provision)	Market value/ Break up value or Fair Value or NAV	Book Value (Net of Specific provision)
i) Related Parties				
- Subsidiaries	Nil	Nil	Nil	Nil
- Companies in Same Group	36,86,69,857	40,88,46,087	69,49,82,473	49,86,08,882
- Other Related Parties	Nil	Nil	Nil	Nil
ii) Other than Related Parties	1,43,97,45,127	1,47,80,31,775	55,79,18,923	55,74,57,195
TOTAL	<u>1,80,84,14,984</u>	<u>1,88,68,77,862</u>	<u>1,25,29,01,396</u>	<u>1,05,60,66,077</u>



NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

35.7 Other Information

i) Gross Non-Performing Assets		
- Related parties	Nil	Nil
- Other than related parties	12,81,74,113	4,90,02,589
ii) Net Non-Performing Assets		
- Related parties	Nil	Nil
- Other than related parties	Nil	Nil
iii) Assets acquired in satisfaction of debt	Nil	Nil

35.8 CRAR

i) CRAR (%)	37.21%	40.47%
ii) CRAR - Tier I Capital (%)	29.57%	31.33%
iii) CRAR - Tier II Capital (%)	7.64%	9.14%

35.9 Asset Liability Management Maturity pattern of certain items of assets and liabilities

	(₹ in Crore)								
	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
- Borrowings from banks	17.27	–	–	–	–	7.50	17.50	–	42.27
- Market Borrowings	–	35.00	–	–	67.08	–	–	781.50	883.58
Assets									
- Advances	29.87	6.70	6.70	40.44	128.41	383.89	278.82	280.60	1,155.43
- Investments	122.92	–	–	1.64	42.48	0.28	–	21.36	188.68

35.10 Exposure to Real Estate Sector : Rs. 35.00 crores (Previous Year : NIL)

for S S Kothari & Co.
(Chartered Accountants)
Firm Reg. No: 302034E

(Rajiv Singh)
Sr. Company Secretary

(B.M.Gupta)
Chief Financial Officer

(Shashi Sharma)
Managing Director

(Naveen Aggarwal)
Partner
M.No.94380

(R. R. Rai)
Director

(S.K. Ganguli)
Director

(Atul Kumar Rai)
Chairman

Date : April 27, 2013
Place : Mussoorie



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Particulars	(In ₹)	
	As At 31 March 2013	As At 31 March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	72,43,46,251	63,08,21,408
Adjustment for :		
Provision write off for Doubtful Debts/Investments	6,00,00,000	(6,00,00,000)
Depreciation & Amortisation	1,73,19,095	1,73,87,227
(Profit)/Loss On Sale of Assets	31,169	3,35,796
Operating Cash before working capital changes	<u>80,16,96,515</u>	<u>58,85,44,431</u>
Adjustment for :		
(Increase)/Decrease in Long Term Loans & Advances	(59,69,61,026)	(3,24,56,17,475)
(Increase)/Decrease in Short Term Loans & Advances	(69,22,43,286)	84,93,10,021
(Increase)/Decrease in Non Current Investment	49,00,000	2,06,55,999
(Increase)/Decrease in Current Investment	(83,57,11,785)	(46,82,04,245)
Increase/(Decrease) in Long Term Borrowings	47,92,00,000	3,00,14,00,000
Increase/(Decrease) in Short Term Borrowings	2,34,28,934	(22,35,27,015)
Increase/(Decrease) in Other Long Term Liabilities	(43,20,945)	45,65,340
Increase/(Decrease) in Other Current Liabilities	1,02,44,10,482	(9,94,51,113)
Increase/(Decrease) in Long Term Provisions	58,58,674	31,41,471
Increase/(Decrease) in Short Term Provisions	(58,01,699)	94,02,240
(Increase)/Decrease in Other Current Assets	(69,14,791)	(63,31,642)
(Increase)/Decrease in Book Debts	59,92,067	(1,63,09,776)
Cash Generated from Operation	<u>20,35,33,140</u>	<u>41,75,78,236</u>
Direct Tax Paid	(18,80,34,797)	(12,22,33,762)
Net Cash Flow from Operating Activities	<u>1,54,98,343</u>	<u>29,53,44,474</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,00,19,149)	(10,43,916)
Sale of Fixed Assets	5,44,575	1,85,172
Net Cash used in Investing Activities	<u>(5,94,74,574)</u>	<u>(8,58,744)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Share Capital and Reserves	(1,60,81,510)	(96,37,988)
Payment of Dividend and Dividend Distribution Tax	(11,25,73,228)	(11,25,73,228)
Net Cash used in Financing Activities	<u>(12,86,54,738)</u>	<u>(12,22,11,216)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(17,26,30,969)	17,22,74,514
Cash and Cash Equivalent at the Beginning of the Year	18,31,39,210	1,08,64,696
Cash and Cash Equivalent at the End of the Year	<u>1,05,08,241</u>	<u>18,31,39,210</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash in hand	45,709	26,640
Cheque/Draft in Hand	-	9,85,185
Balance with Banks		
- Current Accounts	-	7,35,93,210
- Deposit Accounts	-	10,00,00,000
- Unpaid Dividend Accounts	1,04,62,532	85,34,175
Total Cash and Cash Equivalents (Note 14)	<u>1,05,08,241</u>	<u>18,31,39,210</u>

As per our report of even date
for S S Kothari & Co.
(Chartered Accountants)
Firm Reg. No: 302034E

(Rajiv Singh)
Sr. Company Secretary

(Naveen Aggarwal)
Partner
M.No.94380

(R. R. Rai)
Director

for and on behalf of the Board

(B.M.Gupta)
Chief Financial Officer

(S.K. Ganguli)
Director

(Shashi Sharma)
Managing Director

(Atul Kumar Rai)
Chairman

Date : April 27, 2013
Place : Mussoorie



Date

Company Secretary
Tourism Finance Corporation of India Ltd.
IFCI Tower, 61 Nehru Place,
New Delhi-110019

Sub: Green initiative in Corporate Governance

Dear Sir/Madam.

In view of the MCA Circulars 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011. please register my e-mail id in your records for sending all Notices of General Meeting(s), Financial Statements, Annual Reports and other shareholders communications through electronic mode as detailed below:

Ledger folio No.

Full name of 1st registered holder

Name of joint holder(s), if any

Registered address

.....

E-mail id (to be registered)

Contact number

I/we hereby declare that the particulars given herein are true, correct and complete.

On registration. I/we agree to receive all the communication from Tourism Finance Corporation of India Ltd.at the e-mail ID registered in the folio. I/we hereby undertake to promptly inform Tourism Finance Corporation of India Ltd. of any changes to the information provided hereinabove.

Thanking you.

Yours truly.

1st shareholder

2nd joint shareholder

3rd joint shareholder

(Specimen signatures as registered with the Company)

The E-mail id provided shall be updated subject to successful verification of your signatures



Tourism Finance Corporation of India Ltd.

Regd. Office : IFCI Tower, 61 Nehru Place, New Delhi - 110019.

Attendance Slip

DP Id*	
--------	--

Client Id*	
------------	--

Name

Address

Folio No.

PLEASE FILL IN YOUR NAME ADDRESS & FOLIO NO. BEFORE HANDING OVER ENTRANCE OF THE HALL

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company, to be held on Thursday, the 12th day of September, 2013 at 11.00 a.m at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Notes 1. A Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed. Duplicate attendance slip will not be issued at AGM venue. The same shall be issued at the Registered Office of the Company upto a day preceeding the day of the Annual General Meeting.

2. Member/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

* Applicable for investors holding shares in electronic form.



Tourism Finance Corporation of India Ltd.

Regd. Office : IFCI Tower, 61 Nehru Place, New Delhi - 110019.

Proxy

DP Id*	
--------	--

Client Id*	
------------	--

I/we

of in the district of

being a Member/Members of

the above-named Company, hereby appoint

of in the district of (or failing him)

..... of

..... as my/our Proxy to attend and vote for me/us on my/our behalf at

the Twenty Fourth Annual General Meeting of the Company, to be held Thursday, the 12th day of September, 2013 at 11.00 a.m. at

Air Force Auditorium, Subroto Park, New Delhi- 110 010 and at any adjournment thereof.

Signed this day of 2013

Reference Folio No.

No. of Shares Signature

This form is to be used in favour of** the resolution. Unless otherwise instructed the Proxy will act as he thinks fit.

against**





Affix
Revenue
Stamp

**Strike out whichever is not desired.

* Applicable for investors holding shares in electronic form

Note : The Proxy form should reach the Registered Office of the Company at IFCI Tower, 61 Nehru Place, New Delhi - 110019 at least 48 hours before the time fixed for the meeting.

**Tourism Finance Corporation of India Ltd**IFCI Tower
13th Floor
61 Nehru Place
New Delhi - 110019Tel.: +91-11-26291151
Fax: +91-11-26291152
E-mail: ho@tfcilt.com
Web.: www.tfcilt.com**FORM A****Format of covering letter of the Annual Report to be filed with the
Stock Exchanges**

1	Name of the Company	Tourism Finance Corporation of India Ltd.
2	Annual financial statement for the year ended	31 st March 2013.
3	Type of Audit Observation	Un-qualified
4	Frequency of Observation	N.A.
5	To be signed by	
	<ul style="list-style-type: none">• CEO/Managing Director	 SHASHI SHARMA Managing Director TOURISM FINANCE CORPORATION OF INDIA LTD. 13th Floor, IFCI Tower, 61, Nehru Place, New Delhi-110 019.
	<ul style="list-style-type: none">• CFO	 B.M. GUPTA Chief General Manager Tourism Finance Corporation of India Ltd. 13th Floor, IFCI Tower, 61, Nehru Place New Delhi-110 019
	<ul style="list-style-type: none">• Auditor of the Company	  Naveen Aggarwal m. No. 096380
	<ul style="list-style-type: none">• Audit Committee Chairman	