

International Travel House Limited

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International Travel House Limited

BOARD OF DIRECTORS

Chairman and Non-Executive Director

Sahibzada Syed Habib-Ur-Rehman

Managing Director

Anil Bhandari

Non-Executive Directors

Nakul Anand

Anil Rajput

Homi Phiroze Ranina

Subrahmoneyan Chandra Sekhar

Krishan Lal Thapar

Om Prakash Vaish

BOARD COMMITTEES

Audit Committee

K. L. Thapar	Chairman
S. C. Sekhar	Member
H. P. Ranina	Member
O. P. Vaish	Member
Anil Bhandari (Managing Director)	Invitee
Atul Kumar (Chief Financial Officer)	Invitee
Mark Rebello (Executive Vice President- Systems & Audit)	Invitee
Representative of Statutory Auditors	Invitee
Janaki Aggarwal	Secretary

Investor Services Committee

O. P. Vaish	Chairman
Anil Bhandari	Member
S. C. Sekhar	Member
Janaki Aggarwal	Secretary

Nominations & Remuneration Committee

S. S. H. Rehman	Chairman
Nakul Anand	Member
Anil Rajput	Member
H. P. Ranina	Member
S. C. Sekhar	Member
K. L. Thapar	Member
O. P. Vaish	Member

CORPORATE MANAGEMENT COMMITTEE

Director

Anil Bhandari

Chairman

Executives

Atul Kumar

Member

Kamal Hingorani

Member

Janaki Aggarwal

Secretary

Company Secretary

Janaki Aggarwal

Registered Office

'Travel House', T-2, Community Centre
Sheikh Sarai, Phase-I, New Delhi-110 017

Auditors

S. R. Batliboi & Associates
Chartered Accountants
New Delhi

International Travel House Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fifth Annual General Meeting of the Members of International Travel House Limited will be held at Air Force Auditorium, Subroto Park, New Delhi - 110 010, on Thursday, the 28th day of September, 2006 at 9.30 a.m. for the transaction of the following businesses :-

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2006, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2006.
3. To elect Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution :-
“Resolved that Messrs. S.R. Batliboi & Associates, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration of Rs. 10,00,000/- (Rupees Ten Lacs) plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred.”

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-
“Resolved that, pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be amended by deletion of the first sentence in the existing Article 132(1) and by the substitution therefor the following sentence :-
132. (1) The remuneration of a Director for his services in attending each meeting of the Board or of the Committee of the Board shall be such sum as may be prescribed by the Companies Act, 1956 or the Central Government from time to time and applicable to the Company or such lesser amount as the Directors may accept from time to time.”

6. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-

“Resolved that, in accordance with the applicable provisions of the Companies Act, 1956, or any amendment or modification thereof, this Meeting hereby approves the extension of the current term of Mr. Anil Bhandari as the Managing Director of the Company by a further period of two years from 17th February, 2006 to 16th February, 2008, on the terms and conditions of remuneration as approved by the Nominations and Remuneration Committee of the Company and as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this Meeting.”

The Register of Members of the Company shall remain closed from Thursday, 14th September, 2006 to Thursday 28th September, 2006, both days inclusive. Share Transfers received in order with the Company's Registrars and Share Transfer Agents, M/s. MCS Limited at Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi-110 020, by close of business on 13th September, 2006 would be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on or after 3rd October, 2006, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 28th September, 2006, or to their mandatees, subject, however, to the provisions of Section 206A of the Companies Act, 1956, or any amendment or re-enactment thereof. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

By Order of the Board

Place : New Delhi
Dated : 24th July, 2006

Janaki Aggarwal
Company Secretary

International Travel House Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTES :

1. A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting i.e. by 9.30 a.m. on 26th September, 2006.
2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed.
4. In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. S.S.H. Rehman, Mr. Anil Rajput and Mr. Nakul Anand will retire by rotation at the Annual General Meeting and being eligible, offer themselves for re-election. Mr. Anand holds 100 shares in the Company as a joint holder. Mr. Rehman and Mr. Rajput do not hold any shares in the Company.
5. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/re-appointment at the Annual General Meeting is appearing in the Report and Accounts.
6. Members are requested to bring their admission slips alongwith copy of the Report and Accounts to the Annual General Meeting.
7. Members holding shares in the certificate form are requested to notify/send the following to M/s. MCS Limited to facilitate better servicing :-
 - i) any change in their address / mandate / bank details,
 - ii) particulars of their bank account, in case the same have not been furnished earlier, and
 - iii) share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
8. Members are advised that bank details and addresses as furnished by them or by NSDL/CDSL to the Company, for shares held in the certificate form and in the dematerialised form respectively, will be printed on their dividend warrant(s) as a measure of protection against fraudulent encashment.
9. Dividend for the financial year ended 31st March, 1999, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') in the month of November, 2006, pursuant to the provisions of Section 205A of the Companies Act, 1956.

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1999, or any subsequent financial year(s), are requested to lodge their claims with the Company. In respect of dividend for the financial year ended 31st March, 1999, it will not be possible to entertain claims which are received by the Company after 7th November, 2006. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
10. Members who hold shares in the certificate form and wish to make/change nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit to M/s. MCS Limited the prescribed Form 2B.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Twenty Fifth Annual General Meeting to be held on Thursday, 28th September, 2006.

Item 5

The existing Article 132(1) of the Articles of Association of your Company, inter alia, provides that the remuneration of a Director for his services shall be the sum of Rs. 1,000/- for each meeting of the Board or the Committee of the Board attended by him or any lesser sum as may be accepted by the Directors from time to time. However, the Central Government had prescribed maximum sitting fee of Rs. 20,000/- payable by the Company of your size for each meeting of the Board of Directors or a Committee thereof.

At present, your Company does not pay sitting fees to the Directors but in order to have parity with the Rules prescribed by the Central Government, it is now proposed to alter Article 132(1) of Articles of Association of the Company.

International Travel House Limited

NOTICE OF ANNUAL GENERAL MEETING

All the Directors of your Company are interested in this resolution.

The Board recommends this Special Resolution for your approval.

A copy of the Articles of Association of the Company together with the proposed changes will be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. during working days up to the date of this Meeting.

Item 6

The Board of Directors of the Company (the Board) at its meeting held on 24th January, 2006, extended, subject to your approval in pursuance of Schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act), the current term of Mr. Anil Bhandari, Managing Director of the Company, by a further period of two years from 17th February, 2006 to 16th February, 2008.

The Nominations and Remuneration Committee of the Company by its resolution dated 24th January, 2006, has approved the following remuneration for Mr. Bhandari, as the Managing Director for the said period:

- (I) Consolidated Salary - Rs. 1,25,000/- per month.
- (II) Supplementary Allowance - Rs. 30,000/- per month.
- (III) Performance Bonus - Not exceeding 25% of the Consolidated Salary, payable annually, for each financial year, as may be determined by the Nominations and Remuneration Committee.
- (IV) House Rent Allowance - Rs. 45,000/- per month.
- (V) Perquisites - In addition to the aforesaid Consolidated Salary, Supplementary Allowance, Performance Bonus and House Rent Allowance, Mr. Anil Bhandari shall be entitled to perquisites like, reimbursement of gas, electricity, water and medicals, leave travel concession for self and family, club fees, personal accident insurance etc., in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 4,00,000/- per annum for the purpose of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit :-
 - (a) Contributions to Provident Fund and Superannuation Fund upto 27% of the Consolidated Salary and contribution to Gratuity Fund up to 8.33% of the Consolidated Salary or up to such other limit as may be prescribed under the Income-tax Act, 1961 and

the Rules made thereunder, for this purpose.

- (b) Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- (c) Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service. The above remuneration shall also be the Minimum Remuneration payable to Mr. Anil Bhandari as Managing Director of the Company.

Other Information

The performance of Hotel & Tourism industry of which your Company is a part, has witnessed further recovery with significant growth in domestic and international movements, as well as stepping up of infrastructural development and is poised to do well in the current year in view of the good economic conditions. During the financial year ended 31st March, 2005, the income from services rendered increased to Rs. 469.03 lacs from Rs. 381.21 lacs in the previous year. The long term prospects of this industry are very attractive. Mr. Bhandari has long experience of over 34 years in the Hotel & Tourism industry. He worked at various positions and functions in India Tourism Development Corporation Limited (ITDC) and before joining your Company he was the Chairman & Managing Director of ITDC. Mr. Bhandari has been the Managing Director of your Company since 1999.

The proposed remuneration payable to Mr. Bhandari is quite moderate compared to remuneration being paid at his level in the travel industry and the same is in conformity with Schedule XIII to the Act.

Last two years had been challenging years for travel and tourism industry with reduced agency commission by the Airlines. Though the Profit before Taxation of the Company for the year ended 31st March, 2005 was Rs. 7.30 crores, the same was inadequate in terms of Section 349 and 350 of the Act. However, the performance of the Company during the financial year 2005-06 has improved. Various initiatives taken by the Government of India to promote tourism indicate a favourable growth prospect in the years to come. None of the Directors of your Company, other than Mr. Bhandari, is interested in this Resolution.

The Board recommends this Special Resolution for your approval.

By Order of the Board

Place : New Delhi
Dated : 24th July, 2006

Janaki Aggarwal
Company Secretary

International Travel House Limited

YOUR DIRECTORS

S. S. H. Rehman

S. S. H. Rehman has been a Non-Executive Director of the Company since 9th March, 1992 and was appointed Chairman of the Company on 4th November, 1997. He is also an Executive Director on the Board of ITC Limited.

Rehman was educated at Osmania University in Hyderabad and began his career with the Indian Army. In 1975, he moved over to the hospitality industry and joined ITC Limited in 1979. At ITC - Welcomgroup, he has been General Manager of its premier hotels across India as also its Regional Director, Vice President - Operations and President.

Rehman is associated with several Travel Trade organisations and he has been recognised through many awards and citations. As a part of tourism business for over 31 years, he has been associated with various tourism bodies such as World Travel and Tourism Council (WTTC), and the Chairman of the Tourism Committee at Assocham and the Confederation of Indian Industries (CII). Rehman is also a member of tourism task force in the Prime Minister's Reconstruction Plan for the State of Jammu & Kashmir.

Other Directorships

Name of the Company	Position
Landbase India Limited	Chairman & Director
Gujarat Hotels Limited	Chairman & Director
Fortune Park Hotels Limited	Chairman & Director
Srinivasa Resorts Limited	Vice Chairman & Director
ITC Limited	Executive Director
Maharaja Heritage Resorts Limited	Director
Tourism Finance Corporation of India Limited	Director
Mumbai International Convention & Exhibition Centre Limited	Director

Anil Bhandari

Anil Bhandari was appointed as an Executive Director of the Company on 1st December, 1998 and became the Managing Director on 21st April, 1999 and is continuing in the said position. He holds Diploma in Hotel Management, Catering & Nutrition, C.H.A. (U.S.A.) and MHCIMA (U.K.). He has rich experience of over

34 years with the Hotel and Tourism Industry. He worked at various positions and functions in Indian Tourism Development Corporation Limited (ITDC) from 1969 to 1986. He joined Hotel Corporation of India as Managing Director and assumed the office of Chairman & Managing Director of ITDC in 1992 and continued the dual portfolio in both the organisations till 1994. He also continued as the Chairman & Managing Director of ITDC till 1997. He joined ITC Limited as an Advisor, Travel & Tourism in the year 1998. Bhandari serves on the Executive Committees of some of India's premier trade and industry bodies such as FICCI, PHDCCI, member Industry Council and Proxy Director of PATA, member of WTTC and ACTE.

Other Directorships

Name of the Company	Position
Landbase India Limited	Director
Appu Hotels Limited	Director

Other Committee Memberships

Name of the Company	Committee	Position
Landbase India Limited	Audit Committee	Member
Appu Hotels Limited	Audit Committee	Member

Nakul Anand

Nakul Anand was appointed as a Non-Executive Director of the Company on 6th January, 1998. Anand is an Economics Honours graduate from Delhi University. He joined ITC Limited in its Hotels Division as a management trainee in the year 1978. Since then he has held various positions in ITC - Welcomgroup's prestigious hotels including that of General Manager of the flagship hotel, ITC Hotel Maurya Sheraton & Towers. He is currently the Divisional Chief Executive of Hotels Division of ITC Limited.

Anand is widely recognised for excellent man-management and team building abilities and for infusing the spirit of action and result oriented work culture. A firm believer of value based strategies, he has created a unique quality control model of operational excellence. He has won a number of awards for excellence including General

International Travel House Limited

YOUR DIRECTORS

Manager of the Year among General Managers worldwide, the Green Hotelier, to name a few.

Other Directorships

Name of the Company	Position
Gujarat Hotels Limited	Director
Srinivasa Resorts Limited	Director
Fortune Park Hotels Limited	Director
Bay Islands Hotels Limited	Director
Maharaja Heritage Resorts Limited	Director
Adayar Gate Hotels Limited	Director
Landbase India Limited	Additional Director

Other Committee Memberships

Name of the Company	Committee	Position
Gujarat Hotels Limited	Investor Services Committee	Member

Anil Rajput

Anil Rajput was appointed as a Non-Executive Director of the Company on 29th May, 2000. He is an MBA from Delhi University and joined ITC in 1976 in the finance function. Since then he has held various positions in ITC - Welcomgroup and now is the Vice President (Corporate Affairs) of the Company. He has been associated with the hospitality industry for the last 30 years and served International Travel House Limited from 1983 to 1989. During his tenure, the network of the Company expanded from two locations to multi locations. He does not hold directorship or committee membership of any other company.

H. P. Ranina

H. P. Ranina was appointed as a Non-Executive Director of the Company on 1st August, 1983 and is an Independent director on the Board. He is a Chartered Accountant and Advocate by qualification and is currently practising as an Attorney, having specialisation in Taxation, Corporate and Foreign Exchange Laws of India. He wrote his first book on Income tax at the age of 25 and, thereafter, he has authored several publications. He is a prolific writer, having written

more than 2000 articles. He was appointed by the Government of India as a Member of a Committee of Experts to draft a new Income-tax Law. He has addressed more than 500 professional seminars on Taxation and Economics, Foreign Exchange Regulation Law, both in India and abroad.

Ranina is the recipient of the "Outstanding Young Person's Award" both at the State and National levels from the Jaycees. He has also been bestowed the "Economic Analyst Par Excellence" Award by Rotary International. He was nominated by the Government of India as a Director on the Central Board of Reserve Bank of India from 27th November, 2000. He is the Chairman of the Inspection and Audit Committee of the Reserve Bank of India.

Other Directorships

Name of the Company	Position
Pennwalt Limited	Director
Zenith Computers Limited	Director

Other Committee Memberships

Name of the Company	Committee	Position
Reserve Bank of India	Audit and Inspection Committee	Chairman

S. C. Sekhar

S. C. Sekhar was appointed as a Non-Executive Director of the Company on 6th January, 1998. A Science graduate from Delhi University and a fellow member of the Institute of Chartered Accountants of India, Sekhar joined ITC Limited in its Hotels Division in the year 1978. During these 28 years, he has held various positions in the finance function besides working as Executive Assistant to Chairman of ITC's Hotels Division. In 1992, he took over as Head of Finance and was subsequently promoted as Executive Vice-President with Finance, Treasury, Audit, Legal and Information Technology under his span of control. He is currently the Senior Executive Vice President (Projects, Growth & Development) of Hotels Division of ITC Limited and Managing Director of Landbase India Limited.

International Travel House Limited

YOUR DIRECTORS

Other Directorships

Name of the Company	Position
Landbase India Limited	Managing Director
Srinivasa Resorts Limited	Director
Gujarat Hotels Limited	Director
Fortune Park Hotels Limited	Director
Bay Islands Hotels Limited	Director
Maharaja Heritage Resorts Limited	Director
Adayar Gate Hotels Limited	Director
CLI3L e-Services Limited	Director

Other Committee Memberships

Name of the Company	Committee	Position
Srinivasa Resorts Limited	Audit Committee	Chairman
Gujarat Hotels Limited	Investor Services Committee	Chairman
Gujarat Hotels Limited	Audit Committee	Member
Adayar Gate Hotels Limited	Audit Committee	Member
CLI3L e-Services Limited	Audit Committee	Member

K. L. Thapar

K. L. Thapar was appointed as an Independent Non-Executive Director of the Company on 9th March, 2004. He is the former Principal Advisor and Secretary to the Government of India in the Planning Commission and is presently the Chairman of the Asian Institute of Transport Development. The Institute is an acknowledged centre of excellence for research and studies in the infrastructure sector with a special consultative status with the United Nations.

Thapar has wide ranging experience spanning over four decades in policy formulation, planning, investment and management of infrastructure at national and international levels. He has chaired and served on several commissions and committees set up by the government and international bodies. He is the author of well known report that led to the liberalisation of the hotel and tourism industry in the country.

As adviser and consultant to international institutions such as United Nations, World Bank, Asian Development Bank,

he has served in a number of countries. He holds a master's degree in Humanities and is an alumni of professional institutions like Economic Development Institute of the World Bank, British Staff College etc. He does not hold directorship or committee membership of any other company.

O. P. Vaish

O. P. Vaish was appointed as an Independent Non-Executive Director of the Company on 28th March, 2002. He is a Senior Advocate and founder of the law firm, 'Vaish Associates'. He served the Indian Revenue Service and had been Chief (Taxation Division) of the Federation of Indian Chambers of Commerce and Industry for 8 years. He was President of PHD Chamber of Commerce and Industry & International Fiscal Association, Member of the local Advisory Board of Bank of America, Executive Committee of ASSOCHAM, Board of Directors of Rotary International, Board of Trustees of Rotary International. Currently he is a member of FICCI Executive Committee & Finance Committee of Rotary International.

Other Directorships

Name of the Company	Position
Noida Power Company Limited	Director
PNB Finance & Industries Limited	Director
The India Thermit Corporation Limited	Director
Indo Rama Synthetics (India) Limited	Director
Godfrey Philips India Limited	Director

Other Committee Memberships

Name of the Company	Committee	Position
Godfrey Philips India Limited	Audit Committee	Chairman

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

THE COMPANY'S GOVERNANCE PHILOSOPHY

The Company firmly believes in good Corporate Governance and has made it a practice and a continuous process of development right across the Company. The Company's philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the Company and conduct of business and places due emphasis on regulatory compliance. It has empowered the Executive Management to take decisions with regard to day to day operations and has also created checks and balances that such decisions are taken with care and responsibility to meet shareholders' aspirations and societal expectations.

The Company's Corporate Philosophy is focussed on its people who are its most important asset and values its employees' integrity, creativity, ability, judgement and opinions who in turn demonstrate the highest ethical standards and responsibility towards the shareholders. This has helped the Company to take rapid strides in its pursuit for excellence.

The Company is committed to enhance shareholder value in a fair and transparent manner and has been in the forefront for bench marking itself with the best business practices globally.

The Governance Structure

The practice of Corporate Governance in the Company is at three inter linked levels :

- i. Strategic supervision - by the Board of Directors
- ii. Strategic management - by the Corporate Management Committee
- iii. Executive management - by the Functional Heads under the overall guidance and direction of the Managing Director.

This three-tier structure enables the Board of Directors to carry out the task of strategic supervision as trustees of Shareholders, unencumbered by the task of strategic management, in a manner that imparts objectivity and secures sharpened accountability from the management. Similarly, the Corporate Management Committee can engage in the task of strategic management of the Company as a whole, leaving the task of day-to-day executive management with the empowered Functional

Heads under the overall guidance and direction of the Managing Director.

Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

Composition

The composition of the Board of Directors of the Company is balanced, comprising Executive and Non-Executive Directors, the latter including independent professionals. The present strength of the Board of Directors of the Company is eight, of which one is an Executive Director.

Composition of the Board of Directors as on 31st March, 2006

Category	No. of Directors	Percentage to total no. of Directors
Executive Director	1	11%
Non-Executive Independent Directors	3	33%
Other Non-Executive Directors	5	56%
Total	9	100%

Note : Mr. Y. C. Deveshwar ceased to be a director effective 5th May, 2006.

Meetings and Attendance

During the year under review, the Board Meetings were held on the following dates :

Sl. No.	Date	Board Strength	No. of Directors present
1	13th May, 2005	9	8
2	1st July, 2005	9	7
3	22nd July, 2005	9	7
4	12th September, 2005	9	8
5	27th October, 2005	9	6
6	24th January, 2006	9	8
7	31st March, 2006	9	6

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

The composition of Board as on 31st March, 2006 and the attendance at the Board Meetings during the financial year and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

Sl. No.	Name of Director	Category of Director	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships*	No. of other Committee Memberships/ Chairmanships**
1	S. S. H. Rehman	Chairman & Non-Executive Director	7	Yes	8	Nil
2	Y. C. Deveshwar	Non- Executive Director	Nil	No	4	Nil
3	K. L. Thapar	Non- Executive Independent Director	7	Yes	Nil	Nil
4	H. P. Ranina	Non- Executive Independent Director	5	Yes	2	1 as Chairman
5	O.P. Vaish	Non- Executive Independent Director	5	No	5	1 as Chairman
6	Nakul Anand	Non- Executive Director	6	Yes	7	1
7	S. C. Sekhar	Non- Executive Director	7	Yes	8	5 (including 2 as Chairman)
8	Anil Rajput	Non- Executive Director	6	Yes	Nil	Nil
9	Anil Bhandari	Managing Director	7	Yes	2	2

* Excludes Directorships in Private Limited Companies, Foreign Companies, Memberships of Managing Committees of various Chambers/ Bodies and Alternate Directorships.

** Represents Memberships/Chairmanships of Audit Committees and Investors Grievance Committee.

Note: Mr. Y. C. Deveshwar ceased to be a director effective 5th May, 2006.

COMMITTEES OF THE BOARD

The Board of Directors has constituted three Committees of the Board - the Audit Committee, the Investor Services Committee and The Nominations & Remuneration Committee. The role and composition of these Committees, including the number of the meetings held and the related attendance, is as follows :

A. AUDIT COMMITTEE

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of the operations.
- safeguarding of assets.
- reliability of financial and other management information.
- compliance with relevant national laws and regulations.

The Audit Committee is empowered , pursuant to its terms of reference, inter alia, to:

- investigate or direct to be investigated any activity within its terms of reference or any activity which impinges on the overall objectives of the Committee and to call for any document or seek information from any employee;
- obtain outside legal or other independent professional advice and to secure the attendance of outside professionals, if considered necessary.

The role of the Committee includes the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment for any other services;

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

- Reviewing with the management the annual financial statements before submission to the Board, focussing primarily on;
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in the draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with Stock Exchanges and legal requirements concerning financial statements
 - Any related party transactions
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of the internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with external auditors before the audit commences, on nature and scope of audit as well as have post audit discussions to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

Composition

The Audit Committee comprises four Non-Executive Directors, with three of them being Independent Directors. The Chairman of the Committee is a Non-Executive Independent Director. The Managing Director, the Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to the Audit Committee, and the Company Secretary is the Secretary to the Committee.

The names of the members of the Audit Committee, including its Chairman, are provided elsewhere in the Report and Accounts.

Meetings and Attendance

Details of Audit Committee Meetings held during the financial year ended 31st March, 2006

Sl. No.	Date	Committee Strength	No. of Members present
1	13th May, 2005	5	5
2	1st July, 2005	5	5
3	21st July, 2005	5	4
4	24th October, 2005	4	4
5	24th January, 2006	4	4
6	31st March, 2006	4	3

Attendance at Audit Committee Meetings held during the financial year

Director	No. of Meetings attended
K. L. Thapar*	5
H. P. Ranina	5
O.P. Vaish	6
S.C. Sekhar	6
Anil Rajput**	3

* Mr. K.L. Thapar was appointed as the Chairman of the Committee effective 24th October, 2005 in place of Mr. H.P. Ranina who continues as a Member of the Committee.

** Ceased to be a Member effective 12th September, 2005.

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

B. INVESTOR SERVICES COMMITTEE

Investor Services Committee of the Board oversees redressal of shareholder and investor grievances and approves subdivision/transmission of shares, issue of duplicate share certificates etc.

Composition

The Investor Services Committee comprises three Directors with two of them being Non-Executive Directors. The Chairman of the Committee is a Non-Executive Independent Director.

The names of the members of the Investor Services Committee, including its Chairman, are provided elsewhere in the Report and Accounts.

Meetings and Attendance

Details of Investor Services Committee Meetings held during the financial year ended 31st March, 2006

Sl. No.	Date	Committee Strength	No. of Members present
1	13th May, 2005	3	3
2	22nd July, 2005	3	2
3	24th October, 2005	3	3
4	24th January, 2006	3	3

Attendance at Investor Services Committee Meetings held during the financial year

Director	No. of Meetings attended
O. P. Vaish	3
S. C. Sekhar	4
Anil Bhandari	4

C. NOMINATIONS & REMUNERATION COMMITTEE

The Nominations & Remuneration Committee of the Board, inter alia, recommends to the Board of Directors, the compensation terms of the Managing Director and the seniormost level of management immediately below the Managing Director. It also makes recommendations to the Board regarding top level successions and appointments viz. the membership of the Board, the Corporate Management Committee and the seniormost level of executive management one level below the Board. This Committee also functions as the Remuneration Committee in terms of Schedule XIII of the Companies Act, 1956.

Composition

The Nominations & Remuneration Committee comprises all Non-Executive Directors. The Chairman of the Company is the Chairman of this Committee.

The names of the members of the Nominations & Remuneration Committee, including its Chairman, are provided elsewhere in the Report and Accounts.

Meetings and Attendance

Details of Nominations & Remuneration Committee Meeting held during the financial year ended 31st March, 2006

Sl. No.	Date	Committee Strength	No. of Members present
1	13th May, 2005	8	7
2	12th September, 2005	8	7
3	27th October, 2005	8	5
4	24th January, 2006	8	7
5	31st March, 2006	8	6

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

Details of Remuneration of the Directors for the financial year ended 31st March, 2006

(Rs. in lacs)

Director	Consolidated Salary	Supplementary Allowance	Perquisites and other Benefits	Performance Bonus	Total
Executive Director					
Anil Bhandari	12.36	3.07	11.71	3.09	30.23
Non-Executive Directors					
S.S.H. Rehman	-	-	-	-	-
Y. C. Deveshwar	-	-	-	-	-
Nakul Anand	-	-	-	-	-
Anil Rajput	-	-	-	-	-
H. P. Ranina	-	-	-	-	-
S. C. Sekhar	-	-	-	-	-
K. L. Thapar	-	-	-	-	-
O. P. Vaish	-	-	-	-	-

Presently, the Company does not have a scheme for grant of stock options.

Attendance at Nominations & Remuneration Committee Meeting held during the financial year

Director	No. of Meetings attended
S. S. H. Rehman	5
Y. C. Deveshwar	Nil
Nakul Anand	5
Anil Rajput	5
H. P. Ranina	3
S. C. Sekhar	5
K. L. Thapar	5
O. P. Vaish	4

Remuneration Policy

The Company's remuneration strategy is aimed at attracting and retaining high calibre talent. The strategy,

therefore, takes into account the talent market, the remuneration trends (national and international) and the competitive requirement of the business. The remuneration policy is market-led so as to attract and retain the best talent and seeks to leverage performance in a significant manner.

Remuneration of Directors

The remuneration of the Managing Director is determined and recommended to the Board by the Nominations & Remuneration Committee. The recommendations of the Committee are considered and approved by the Board subject to the approval of the Shareholders and other approvals as may be necessary. The Managing Director is entitled to Performance Bonus upto a maximum of 25% of the Consolidated Salary, as may be determined by the Nominations & Remuneration Committee.

Non-Executive Directors are not paid any remuneration. No sitting fee is paid to any Director.

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

Directors' Shareholding

Shareholding of the Directors in the Company as on 31st March, 2006

Director	No. of Equity Shares of Rs. 10/- each held in the Company, singly and / or jointly
S.S.H. Rehman	Nil
Y. C. Deveshwar	Nil
Nakul Anand	100
Anil Rajput	Nil
H. P. Ranina	Nil
S. C. Sekhar	Nil
K. L. Thapar	Nil
O. P. Vaish	Nil
Anil Bhandari	Nil

Service Contracts and Severance Fees

The appointment of the Managing Director is governed by the resolutions passed by the Board of Directors and the Shareholders of the Company, which covers the terms and conditions of such appointment read with the service rules of the Company. There is no separate provision for payment of severance fee under the resolutions governing the appointment of the Managing Director.

CORPORATE MANAGEMENT COMMITTEE

The primary role of the Corporate Management Committee is strategic management of the Company's businesses within Board approved direction/framework.

Composition

The Corporate Management Committee comprises the Managing Director and two key senior members of management. The Managing Director of the Company is the Chairman of this Committee. The composition of the Corporate Management Committee is determined by the Board based on the recommendation of the Nominations & Remuneration Committee.

The names of the members of the Corporate Management Committee, including its Chairman, are provided elsewhere in the Report and Accounts.

Meetings and Attendance

Details of Corporate Management Committee Meetings held during the financial year ended 31st March, 2006

Sl. No.	Date	Committee Strength	No. of Members present
1	6th May, 2005	3	3
2	24th May, 2005	3	3
3	22nd June, 2005	3	2
4	26th July, 2005	2	2
5	23rd August, 2005	2	2
6	22nd September, 2005	2	2
7	21st October, 2005	2	2
8	24th November, 2005	2	2
9	27th December, 2005	2	2
10	31st January, 2006	3	3
11	24th February, 2006	3	3
12	24th March, 2006	3	3

Attendance at Corporate Management Committee Meetings held during the financial year

Member	No. of Meetings attended
Anil Bhandari	12
Ashish Kumar*	3
Rakesh Krishan**	4
Atul Kumar***	7
Kamal Hingorani****	3

* Ceased to be a Member effective 1st July, 2005.

** Ceased to be a Member effective 1st September, 2005.

*** Inducted as a Member effective 12th September, 2005.

**** Inducted as a Member effective 24th January, 2006.

International Travel House Limited

REPORT ON CORPORATE GOVERNANCE

DISCLOSURES

Materially significant related party transactions which may have potential conflict with the interests of the Company at large.

None

Details of non-compliances, penalties, strictures by Stock Exchanges/SEBI/Statutory Authorities on any matter related to capital markets during the last three years.

None

Pecuniary relationships or transactions with the Non-Executive Directors.

None

MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the Unaudited Quarterly Financial Results of the Company were announced within a month of the end of each quarter for the first three quarters. The Audited Annual Financial Results were announced within two months of the end of the financial year. Such results are normally published in 'The Financial Express' (all editions) and in a vernacular newspaper, 'Jansatta' from New Delhi. All these results, including the entire Report and Accounts, were posted on SEBI's Electronic Data Information Filing And Retrieval system (EDIFAR) i.e. www.sebiedifar.nic.in, SEBI's website and on the Company's website 'www.travelhouseindia.com'.

The Report of the Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

ITH CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading ('ITH Code') in the shares and securities of the Company. The ITH Code,

inter alia, prohibits purchase / sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

ITHL CODE OF CONDUCT

The ITHL Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, senior management and employees of the Company. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code covers ITHL's commitment to sustainable development, concern for occupational health, safety and environment, transparency and auditability, legal compliance, and the philosophy of leading by personal example. The Code is available on the Company's website.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with The ITHL Code of Conduct for the financial year ended 31st March, 2006.

New Delhi, 5th May, 2006

Anil Bhandari
Managing Director

GENERAL SHAREHOLDER INFORMATION

Provided in the 'Shareholder Information' section of the Report and Accounts.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors' Certificate, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, that the Company has complied with the conditions of Corporate Governance is annexed to the Report of the Directors & Management Discussion and Analysis.

This Certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

International Travel House Limited

SHAREHOLDER INFORMATION

Annual General Meeting Details

Date	Thursday, 28th September, 2006
Venue	Air Force Auditorium, Subroto Park, New Delhi-110 010
Time	9.30 a.m.
Book Closure Dates	Thursday, 14th September, 2006 to Thursday, 28th September, 2006 (both days inclusive)
Dividend Payment Date	On or after 3rd October, 2006

Registrars & Share Transfer Agents (RTA)

M/s. MCS Limited are the Registrars and Share Transfer Agents of the Company for carrying out share registration and other related activities of the Company.

Address for Correspondence

MCS Limited
Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase - II,
New Delhi - 110 020
Telephone Nos. : 41406149, 41406151-52, 41609386
Facsimile No. : 41709881

Shareholders holding shares in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

Compliance Officer

Mrs. Janaki Aggarwal, Company Secretary, is the Compliance Officer under Clause 47 of the Listing Agreement with Stock Exchanges.

Share Transfer Committee

The Share Transfer Committee of the Company generally meets fortnightly for approving share transfers. The processing activities with respect to requests received for share transfer are completed within 20 days from the date of receipt of request.

There are no pending share transfers as of 31st March, 2006.

The Share Transfer Committee comprises the following

Mr. Atul Kumar Chief Financial Officer	Member
Mrs. Janaki Aggarwal Company Secretary	Member
Mr. Asish Bhattacharjee General Manager, Finance	Member

Dematerialisation of Shares and Liquidity

The Shares of the Company are required to be compulsorily traded in dematerialised form and are available for trading under both the Depository Systems in India - NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 262B01016.

As on 31st March, 2006 a total of 71,02,452 Equity Shares of the Company, which translates to 88.84% of the Share Capital, stand dematerialised. The processing activities with respect to the requests received for dematerialisation are completed within 15 days from the date of receipt of request.

Shareholder/Investor Complaints

The Company attended to Shareholder/Investor complaints and correspondence generally within a period of 15 days except where constrained by disputes or legal impediments. There are some pending cases relating to disputes over title to Shares in which the Company has been made a party. These cases are however not material in nature.

The Company received 5 share related complaints during the financial year ended 31st March, 2006, which translate to 0.039% of the total number of Shareholders of the Company. The said complaints have been resolved.

Nature of Complaints	Nos.	%
Non-receipt of Share Certificates	3	60
Non receipt of dividend	1	20
Others	1	20
Total	5	100

International Travel House Limited

SHAREHOLDER INFORMATION

Distribution of Shareholding as on 31st March, 2006

No. of Shares Slab	No. of Shareholders		No. of Equity Shares	
	Total	% to Shareholders	Total	% to Share Capital
1-500	12,038	93.77	14,49,325	18.13
501-1000	453	3.53	3,59,525	4.50
1001-2000	199	1.55	2,87,169	3.59
2001-3000	56	0.44	1,41,507	1.77
3001-4000	26	0.20	93,633	1.17
4001-5000	15	0.12	71,122	0.89
5001-10000	29	0.22	2,15,042	2.69
10001 and above	22	0.17	53,77,177	67.26
Total	12,838	100.00	79,94,500	100.00

Category of Shareholders as on 31st March, 2006

Sl. No.	Category	No. of Shares held	% to Share holding
A	Promoters Holding		
1	Indian Promoters		
	ITC Limited	2,87,600	3.60
	Russell Credit Limited	36,26,638	45.36
2	Persons acting in Concert		
	Penninsular Investments Limited	4,10,064	5.13
	Russell Investments Limited	6,07,599	7.60
	Sub Total	49,31,901	61.69
B	Non Promoter Holdings		
3	Institutional Investors		
a	Mutual Funds and UTI	Nil	Nil
b	Banks	300	0.01
c	Foreign Institutional Investors	300	0.01
	Sub Total	600	0.02
4	Others		
a	Private Corporate Bodies	3,20,185	4.01
b	Indian Public	26,10,152	32.63
c	NRIs/ OCBs	1,31,662	1.65
d	Any Other	Nil	Nil
	Sub Total	30,61,999	38.29
	Grand Total	79,94,500	100.00

Monthly High and Low quotation of Shares traded on Mumbai Stock Exchange (BSE)

Mumbai Stock Exchange					
Year	Month	High (Rs.)	Low (Rs.)	Volume (Nos.)	
2005	April	78.60	70.20	1,31,049	
	May	127.30	71.30	29,16,958	
	June	144.95	120.10	18,31,911	
	July	160.00	135.00	11,33,031	
	August	188.30	141.50	10,54,818	
	September	195.00	138.25	5,09,200	
	October	167.00	127.10	2,19,219	
	November	168.85	137.50	2,25,690	
	December	184.20	158.95	5,80,554	
	2006	January	177.00	149.80	2,87,988
		February	178.50	142.00	3,25,299
		March	168.00	148.60	3,86,431

Performance in comparison to broad based indices such as BSE Sensex

Listing of Shares on Stock Exchanges (with Stock Code)

The Delhi Stock Exchange Association Limited (109092)
'DSE House' 3/1, Asaf Ali Road, New Delhi - 110 002

Bombay Stock Exchange Limited (500213)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

The Listing Fee for the financial year 2006-2007 has been paid to the above Stock Exchanges.

International Travel House Limited

SHAREHOLDER INFORMATION

Financial Calendar

Financial Year 2006-2007		
1	First Quarter Results	July, 2006
2	Second Quarter and Half-Year Results	October, 2006
3	Third Quarter Results	January, 2007
4	Fourth Quarter and Annual Results	May, 2007

Particulars of Past three AGMs

AGM	FINANCIAL YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION(S) PASSED
24th	2004-05	Air Force Auditorium Subroto Park New Delhi 110 010	12/09/2005	3.30 p.m.	
23rd	2003-04		23/07/2004	9.30 a.m.	<ul style="list-style-type: none"> Alteration of Articles of Association Re-appointment of the Managing Director
22nd	2002-03		18/07/2003	9.30 a.m.	

Postal Ballot

No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a postal ballot is being proposed at the ensuing AGM.

SHAREHOLDER REFERENCER

Unclaimed Dividend

Pursuant to section 205A of the Companies Act, 1956, unclaimed dividend upto and including for the financial years 1994-1995 has been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrant(s) relating to the financial year(s) upto 1994-1995

are requested to claim such dividend from the Registrar of Companies, NCT of Delhi and Haryana, B-Block, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110 003, in the prescribed form, which can be furnished by the Company on request.

The Unclaimed Dividend for the financial year ended 1995-1996, 1996-1997 & 1997-1998 has been transferred to the Investor Education and Protection Fund of the Central Government from which the dividend cannot be claimed back.

The dividend for the following years remaining unclaimed for 7 years will be transferred by the Company according to the schedule given below, to the Investor Education and Protection Fund established by the Central Government pursuant to section 205 C of the Companies Act, 1956 :

Financial Year	Date of Declaration/ Payment of Dividend	Due for Transfer on
1998-1999	21st September, 1999	8th November, 2006
2000-2001 (Interim)	18th December, 2000	19th January, 2008
2000-2001 (Final)	17th September, 2001	23rd October, 2008
2001-2002	24th July, 2002	29th August, 2009
2002-2003	18th July, 2003	23rd August, 2010
2003-2004	23rd July, 2004	28th August, 2011
2004-2005	12th September, 2005	18th October, 2012

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the RTA confirming non-encashment/non-receipt of dividend warrant(s).

International Travel House Limited

SHAREHOLDER INFORMATION

Depository Services

For guidance on depository services, Shareholders may write to our RTA or to their respective Depositories.

Address for Correspondence with Depository

National Securities Depository Limited
Trade World, 4th floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Telephone : 022-24994200
Facsimile : 022-24972993/24976351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
17th floor, Dalal Street, Mumbai 400 023
Telephone : 022-22723333
Facsimile : 022-22723199/22722072
E-mail : investors @cdslindia .com
Website : www.cdslindia.com

Electronic Clearing Service (ECS) Facility

The Company, with respect to payment of dividend, provides the facility of ECS to the Shareholders. Shareholders holding shares in the certificate form, who wish to avail the ECS facility, may authorise the Company by sending their ECS mandate in the prescribed form in case the same has not been furnished earlier.

Nomination Facility

Shareholders who hold shares in the certificate form & wish to make/change nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the RTA the prescribed Form 2B for this purpose.

International Travel House Limited

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR FINANCIAL YEAR ENDED 31st MARCH, 2006

Your Directors submit their Report for the financial year ended 31st March, 2006.

Financial Performance

During the year under review, income from services rendered was Rs. 60.61 crores as compared to Rs. 46.90 crores for the previous year and represents a growth of 29.23%. The Profit Before Tax was Rs. 11.66 crores as compared to Rs. 7.31 crores in the previous year and represents a growth of 59.50%. The Profit After Tax was Rs. 6.99 crores as compared to Rs. 4.58 crores in the previous year and represents a growth of 52.62%. Your Company earned foreign exchange of Rs. 10.06 crores and utilised foreign exchange of Rs. 0.17 crores. The Board recommends a transfer to the General Reserve of Rs. 0.70 crores from current year's profits (previous year Rs. 0.34 crores). No amount has been transferred back from Foreign Exchange Earnings Reserve (previous year Rs. 0.07 crores). Your Directors are pleased to recommend a dividend of Rs. 2.50p (previous year Rs. 2/-) per Equity Share for the year ended 31st March, 2006.

Business Operations

Calendar year 2005 witnessed significant growth in the tourism sector i.e. domestic and international travel, as well as stepping up of infra-structural development. There was considerable improvement in connectivity with many new domestic carriers including budget / low cost airlines taking to the skies leading to an increase of approximately 25% in domestic air travel and 18% in international air traffic.

With an estimated 7 million passengers having travelled abroad in 2005 and an estimated 386 million domestic visits within the country, tourism in India has provided your Company a perfect platform to reinvigorate the Leisure segment. Your Company launched "World Class Holidays" to target this market, with special emphasis on the Luxury segment.

A dedicated Leisure team has been set up in each of the 10 IATA offices across India, supported by a Central Reservation Office at the corporate level, for purchase, product development and distribution of various services. Your Company has contracted with world's leading wholesalers of hotel companies, tour operators etc. to service both the B2C and B2B clients.

Foreign tourist arrivals in 2005 are close to 4 million and this figure is expected to cross the 5 million mark in 2007. The Government's 'Incredible India' campaign provided a major boost in this area, especially the FIT segment. To tap this segment, Destination Management Services was launched by your Company which offers 'meet and greet' services, short excursions, guides, hotels and transport at all gateway and tourist cities in India, in line with global destination management practices.

Much of the increased flow of overseas visitors is the result of the good showing of the Indian economy, which has been growing at 8 percent plus, fuelling in its turn more corporate travel - to the tune of 20%. The current estimated travel spend for air tickets by the corporate segment is INR 12,000 crores. This is good for your Company as this segment is of importance to its operations. However, reduction in commission by airlines, as also launch of low cost carriers who by design are distributed on the net, thereby offering no commission to travel companies, have adversely affected income for all travel management companies including Travel House.

To enhance our services to our customers, state-of-the-art offices were set up in Bangalore, Mumbai, Gurgaon and a new larger office space is being commissioned in Pune. New cities where offices have been identified are Chandigarh and Ludhiana. Satellite Ticket Printing, an additional connectivity was extended to three locations at Pune, Hyderabad and Chennai during the year.

International Travel House Limited

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR FINANCIAL YEAR ENDED 31st MARCH, 2006

The Conference Management Services division has done extremely well thereby justifying broadening the scope and services to include MICE (Meetings, Incentives, Conferences & Events). A few prestigious conferences/exhibitions like World Law Group (WLG), Defexpo and International Conference on Physics Education (ICPE), inaugurated by the President of India, have been handled by your Company during the year.

Technology now plays a key role in travel and tourism across the world. Your Company has taken appropriate steps in creating a robust IT platform for facilitating payment gateways and necessary enhancements in the website. The website is hosted in level-3 data center and is prepared to scale up business operations globally through e-commerce, thereby facilitating seamless services to our tech-savvy customers.

A composite marketing campaign comprising advertising through print and electronic media, direct mail and other means has been put in place to support the various new ventures stated above.

The car rental business has also benefited substantially from the economic resurgence. Your Company's Car Rental Division has also responded to the changing demand and has in place the most modern fleet of 500 cars. The division's performance is well reflected in the Company's financial results. New car rental outlets have been opened in Bangalore and Mumbai and there are plans to open similar outlets in Chandigarh, Ludhiana, Pune, Ahmedabad and other cities.

Operations and Accounting Systems & Procedures and detailed role responsibilities across various levels in all functions of the Company ensure effective management. Robust Management Information System along with a strong Internal Audit Function

not only ensures adherence with best practices and procedures but also helps in early diagnosis of potential areas of concern.

Your Company was the proud recipient of 'Best Travel Agency - India' award by the prestigious travel magazine TTG Asia. Readers of the group's four sister publications - TTG Asia, TTG China, BTN China, BTN Asia Pacific and TTGMice, unanimously voted in favour of Travel House. On the supplier side, Travel House received top awards from premier airlines including British Airways, Lufthansa and Jet Airways for outstanding performance. Travel House is so far the only ISO 9001 certified travel company in India; its certification has been revalidated for the second time, valid until 2009.

The upswing in tourism and bullish environment in the travel and tourism has strengthened our confidence in the future. With the support of the Company's staff and increasing customer satisfaction, Travel House hopes to achieve greater heights in the milestone 25th year of service.

Human Resource Development

Recognising the need and value of its human capital, greater emphasis was placed in attracting and retaining its personnel along with providing the tools for training, greater challenges and motivation. Your Directors place on record their sincere appreciation to the team work and dedication of all employees working across all its locations.

Directors

Mr. Y.C. Deveshwar, Director of the Company, resigned from the Board of Directors of the Company with effect from 5th May, 2006. Your Directors would like to place on record their sincere appreciation of the services rendered by Mr. Deveshwar during his tenure.

International Travel House Limited

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR FINANCIAL YEAR ENDED 31st MARCH, 2006

The Board of Directors at its meeting held on 24th January, 2006, extended, subject to the approval of the Members, the term of Mr. Anil Bhandari as the Managing Director of the Company by a period of two years from 17th February, 2006. Appropriate resolution seeking your approval to such extension is appearing in the Notice convening the 25th Annual General Meeting of the Company.

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. S.S.H. Rehman, Mr. Anil Rajput, Mr. Nakul Anand will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election. Your Board of Directors has recommended their re-election.

Auditors

The Auditors, Messrs. S. R. Batliboi & Associates, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Other Information

Particulars of employees required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the certificate of the Auditors, Messrs. S.R. Batliboi & Associates confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, are annexed to the Report.

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 5th May, 2006 and recommended the same for the approval of the Board of Directors.

Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that :-

- (i) in the preparation of Annual Accounts under review the applicable Accounting Standards had been followed.
- (ii) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit or loss of the Company for that period.
- (iii) proper and sufficient care was taken 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.
- (iv) the Annual Accounts are prepared on a going concern basis. The required disclosures and the significant accounting policies followed are appearing in Schedule 19, to the Annual Accounts.

Future Prospects

Your Directors view the growth prospect of Travel and Tourism industry with confidence and optimism. The current economic trends indicate a favourable growth prospect in the travel and tourism industry which your Company is in a position to meet.

On behalf of the Board

Place : New Delhi Anil Bhandari S.C. Sekhar
Dated : 24th July, 2006 Managing Director Director

ANNEXURE TO THE REPORT OF THE DIRECTORS FOR THE YEAR FINANCIAL YEAR ENDED 31st MARCH, 2006

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA

CERTIFICATE

To the Members of International Travel House Limited

We have examined the compliance of conditions of Corporate Governance by International Travel House Limited, for the year ended on 31st March 2006, as stipulated in clause 49 of the Listing Agreement of the said 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 above mentioned Listing Agreement.

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.R. Batliboi & Associates
Chartered Accountants

per Raman Sobti
Partner
Membership No. 89218

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Report of the Directors

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
<i>Employed throughout the year and in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum.</i>							
Bhandari Anil	58	Managing Director	30,23,462/-	Dip. in Hotel Management, Catering and Nutrition, C.H.A. (U.S.A.), MHCIMA (U.K.)	37	01.12.1998	ITC Limited Advisor - Travel & Tourism
<i>Employed for part of the year and in receipt of remuneration aggregating Rs. 2,00,000/- or more per month</i>							
None							

Notes:

- Gross remuneration comprises of salary, allowances, bonus, cost/value of perquisites, Company's contribution to provident, pension and gratuity fund and performance bonus for Managing Director.
- The appointment is contractual.
- The employee is not related to any Director of the Company.

On behalf of the Board

Place : New Delhi
Dated : 24th July, 2006

Anil Bhandari
Managing Director

S.C. Sekhar
Director

CEO AND CFO CERTIFICATION

We, the undersigned, do hereby confirm and certify under the amended Clause 49(V) of the Listing Agreement that :-

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2006 and they do not contain any misleading or untrue statements and these statements present a true and fair view of the Company's affairs.
2. There were no transactions entered into by the Company during the period under review which are violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
4. We have indicated to the auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud, if any, having a significant role in the Company's internal control system over financial reporting.

For International Travel House Limited

Anil Bhandari
Managing Director

Atul Kumar
Chief Financial Officer

5th May, 2006

International Travel House Limited

BALANCE SHEET

AS AT 31st MARCH, 2006

	Schedule	As at 31st March, 2006		As at 31st March, 2005	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS					
I Shareholders' Funds					
a) Capital	1	7,99,45,000		7,99,45,000	
b) Reserves and Surplus	2	<u>38,70,24,907</u>	46,69,69,907	<u>33,98,41,358</u>	41,97,86,358
2 Loan Funds					
Secured Loan	3		14,38,81,382		15,27,10,460
3 Deferred Tax Liabilities (Net)	4		<u>2,60,70,307</u>		<u>2,54,62,079</u>
TOTAL			<u>63,69,21,596</u>		<u>59,79,58,897</u>
II. APPLICATION OF FUNDS					
I Fixed Assets					
a) Gross Block	5	42,09,78,162		36,34,76,586	
b) Less : Depreciation/Amortisation		<u>15,30,09,033</u>		<u>10,69,14,937</u>	
c) Net Block		26,79,69,129		25,65,61,649	
d) Capital Work-in-progress		<u>37,58,921</u>	27,17,28,050	<u>23,10,389</u>	25,88,72,038
2 Investments	6		14,01,36,249		13,91,80,517
3 Current Assets, Loans and Advances					
a) Sundry Debtors	7	44,18,84,618		38,91,68,901	
b) Cash and Bank Balances	8	5,96,77,026		4,33,81,568	
c) Other Current Assets	9	3,37,395		3,67,526	
d) Loans and Advances	10	<u>6,39,73,112</u>		<u>5,62,24,451</u>	
		<u>56,58,72,151</u>		<u>48,91,42,446</u>	
Less : Current Liabilities & Provisions					
a) Current Liabilities	11	30,84,01,084		26,74,64,765	
b) Provisions	12	<u>3,24,13,770</u>		<u>2,17,71,339</u>	
		<u>34,08,14,854</u>		<u>28,92,36,104</u>	
Net Current Assets			<u>22,50,57,297</u>		<u>19,99,06,342</u>
TOTAL			<u>63,69,21,596</u>		<u>59,79,58,897</u>

Significant Accounting Policies and
Notes to the Accounts

19

The Schedules 1 to 12 and 19 form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

On behalf of the Board

for S.R. Batliboi & Associates
Chartered Accountants

Per Raman Sobti
Partner
Membership No. 89218

Anil Bhandari
Managing Director

S. C. Sekhar
Director

Place : New Delhi
Dated : 5th May, 2006

Janaki Aggarwal
Company Secretary

International Travel House Limited

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH, 2006

	Schedule	For the year ended 31st March, 2006		For the year ended 31st March, 2005	
		Rupees	Rupees	Rupees	Rupees
I. INCOME					
Income from Services rendered	13		60,61,06,145		46,90,37,026
Other Income	14		1,44,46,286		1,09,15,570
			<u>62,05,52,431</u>		<u>47,99,52,596</u>
II. EXPENDITURE					
Employees' Remuneration & Welfare Expenditure	15		14,35,56,604		10,63,80,448
Operating and Other Expenditure	16		28,21,10,604		25,11,38,280
Depreciation/Amortisation	5		6,81,21,592		4,04,50,729
Interest	17		1,00,85,533		88,90,961
			<u>50,38,74,333</u>		<u>40,68,60,418</u>
III. PROFIT					
Profit Before Taxation			11,66,78,098		7,30,92,178
Tax Expenses :					
- Current (includes Rs.15,00,000/- in respect of Earlier Years. Previous year Rs.30,50,000/-)		3,95,50,000		2,48,50,000	
- Deferred		6,08,228		23,59,030	
- Fringe Benefit		64,60,000		-	
- Wealth		87,000	4,67,05,228	74,000	2,72,83,030
Profit After Taxation			<u>6,99,72,870</u>		<u>4,58,09,148</u>
Profit Brought Forward			18,89,27,686		16,41,11,996
			<u>25,89,00,556</u>		<u>20,99,21,144</u>
Release from Foreign Exchange Earnings Reserve			-		6,88,000
Available for Appropriation			<u>25,89,00,556</u>		<u>21,06,09,144</u>
IV. APPROPRIATION					
General Reserve			70,00,000		34,50,000
Proposed Dividend			1,99,86,250		1,59,89,000
Tax on Proposed Dividend			28,03,071		22,42,458
Profit Carried Forward			22,91,11,235		18,89,27,686
			<u>25,89,00,556</u>		<u>21,06,09,144</u>
Basic and Diluted Earnings Per Share (Rs.) (Face Value - Rs.10/- Per Share)	18		8.75		5.73
Significant Accounting Policies and Notes to the Accounts	19				

The Schedules 13 to 18 and 19 form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our Report of even date.

On behalf of the Board

for S.R. Batliboi & Associates
Chartered Accountants

Per Raman Sobti
Partner
Membership No. 89218

Anil Bhandari
Managing Director

S. C. Sekhar
Director

Place : New Delhi
Dated : 5th May, 2006

Janaki Aggarwal
Company Secretary

International Travel House Limited

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2006

	For the year ended 31st March, 2006 Rupees	For the year ended 31st March, 2005 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary Items	11,66,78,098	7,30,92,178
Adjustments for :		
- Depreciation/Amortisation	6,81,21,592	4,04,50,729
- Loss on Sale of Fixed Assets (Net)	16,16,295	58,34,805
- Provision for Doubtful Debts	29,25,824	92,05,575
- Interest Expenses	1,00,85,533	88,90,961
- Loss on Sale of Investments	36,332	11,22,744
- Profit on Sale of Long Term Investments	(10,485)	(1,76,623)
- Interest Income	(22,29,979)	(24,24,192)
- Income from Investments - Dividends	(22,12,231)	(18,10,778)
- Doubtful Debts and Advances - provision written back	(8,60,209)	(20,00,000)
- Debts/Advances written off	-	1,21,397
- Liabilities no longer required written back	(40,51,843)	(21,71,055)
- Unrealised Foreign Exchange Gain/Loss	(34,995)	-
- Provision for Gratuity and Leave Encashment	15,30,667	21,43,228
Operating Profits Before Working Capital Changes	19,15,94,599	13,22,78,969
Adjustments for :		
(Increase)/Decrease in Sundry Debtors	(5,47,81,332)	(11,72,04,300)
(Increase)/Decrease in Trade and other Receivables	(3,78,11,161)	(1,59,55,126)
Increase/(Decrease) in Trade and other Payables	5,34,93,714	4,76,93,837
Cash Generated from Operations	15,24,95,820	4,68,13,380
Direct Taxes Paid		
Advance Income Tax Paid	(88,00,000)	(37,00,000)
Fringe Benefit Tax Paid	(25,09,640)	-
Wealth Tax Paid	(74,000)	(7,000)
Cash Flow Before Extraordinary Items	14,11,12,180	4,31,06,380
Net Cash Flow from Operating Activities (A)	14,11,12,180	4,31,06,380
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase/Adjustments of Fixed Assets	(9,39,63,549)	(13,59,28,408)
Sale/Adjustments of Fixed Assets	1,06,82,150	2,01,29,000
Purchase of Investments	(18,52,43,944)	(79,49,83,184)
Sale of Investments	18,52,25,841	74,23,66,545
Interest Received	21,54,252	23,71,016
Dividend Received	13,54,616	21,14,467
Net Cash used in Investing Activities (B)	(7,97,90,634)	(16,39,30,564)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Vehicle Loans	6,27,00,800	11,76,27,306
Repayment of Vehicle Loans	(7,15,29,878)	(5,02,36,861)
Dividend Paid including Tax thereon	(1,81,70,960)	(1,35,11,257)
Interest Paid	(1,00,85,536)	(88,90,959)
Net Cash from/(used in) Financing Activities (C)	(3,70,85,574)	4,49,88,229

International Travel House Limited

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2006

	For the year ended 31st March, 2006 Rupees	For the year ended 31st March, 2005 Rupees
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2,42,35,972	(7,58,35,955)
Add : Opening Cash and Cash Equivalents	1,13,42,949	8,71,78,904
Closing Cash and Cash Equivalents	3,55,78,921	1,13,42,949
Cash and Cash Equivalents include :		
- Cash and Bank Balances	5,81,98,653	4,20,84,662
- Bank Overdraft	(2,40,63,110)	(3,20,38,619)
- Fixed Deposit Receipts with Bank	14,78,373	12,96,906
Total Cash and Cash Equivalents	3,56,13,916	1,13,42,949
Unrealised Gain on Foreign Currency Cash and Cash Equivalents	(34,995)	-
Net Cash and Cash Equivalents	3,55,78,921	1,13,42,949

NOTES :

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Figures in brackets include cash outgo.
- Cash and Cash Equivalents include Rs.14,78,373/- (Previous Year Rs.12,96,906/-) which are not available for use by the Company.
- Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.
- This is the Cash Flow Statement referred to in our report of even date.

On behalf of the Board

for S.R. Batliboi & Associates
Chartered Accountants

Per Raman Sobti
Partner
Membership No. 89218

Anil Bhandari
Managing Director

S. C. Sekhar
Director

Place : New Delhi
Dated : 5th May, 2006

Janaki Aggarwal
Company Secretary

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2006 Rupees		As at 31st March, 2005 Rupees	
SCHEDULE I				
CAPITAL				
Authorised :				
1,00,00,000 (Previous Year 1,00,00,000)				
Equity Shares of Rs.10/- each	10,00,00,000		10,00,00,000	
2,00,00,000 (Previous Year 2,00,00,000) Redeemable Cumulative Preference Shares of Rs.100/- each	<u>2,00,00,000</u>	<u>12,00,00,000</u>	<u>2,00,00,000</u>	<u>12,00,00,000</u>
Issued :				
80,00,00,000 Equity Shares of Rs.10/- each		<u>8,00,00,000</u>		<u>8,00,00,000</u>
Subscribed and Paid Up :				
79,94,50,000 Equity Shares of Rs.10/- each fully paid up		<u>7,99,45,000</u>		<u>7,99,45,000</u>
		<u>7,99,45,000</u>		<u>7,99,45,000</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	Rupees	As at 31st March, 2006 Rupees	Rupees	As at 31st March, 2005 Rupees
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Reserve :				
As per last Balance Sheet		31,52,525		31,52,525
General Reserve :				
As per last Balance Sheet	2,92,01,917		2,57,51,917	
Add : Transfer from Profit and Loss Account	<u>70,00,000</u>	3,62,01,917	<u>34,50,000</u>	2,92,01,917
Securities Premium Account :		11,85,59,230		11,85,59,230
Foreign Exchange Earnings Reserve :				
As per last Balance Sheet	-		6,88,000	
Less : Transfer to Profit and Loss Account	<u>-</u>	-	<u>6,88,000</u>	-
Profit and Loss Account		<u>22,91,11,235</u>		<u>18,89,27,686</u>
		<u>38,70,24,907</u>		<u>33,98,41,358</u>

SCHEDULE 3

SECURED LOANS

From Banks :				
- Vehicle Loans* (Secured by hypothecation over vehicles)		10,88,76,077		11,32,53,943
From Others :				
- Vehicle Loans* (Secured by hypothecation over vehicles)		3,50,05,305		3,94,56,517
		<u>14,38,81,382</u>		<u>15,27,10,460</u>

* Loans repayable within one year Rs.6,35,70,736/-
(Previous Year Rs.6,52,62,143/-)

SCHEDULE 4

DEFERRED TAX LIABILITIES

Depreciation		3,49,12,118		3,27,97,174
Less : Deferred Tax Assets				
- Provision for Doubtful Debts	46,80,550		39,85,264	
- Provision for Leave Encashment	10,73,259		7,64,116	
- Provision for Gratuity	8,07,355		4,02,500	
- Provision for Bonus	18,94,032		18,05,299	
- Others	<u>3,86,615</u>	<u>88,41,811</u>	<u>3,77,916</u>	<u>73,35,095</u>
Net Deferred Tax Liabilities		<u>2,60,70,307</u>		<u>2,54,62,079</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

SCHEDULE 5 FIXED ASSETS - AT COST		(Rupees)									
		GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
Particulars	As at 01.04.2005	Additions	Withdrawals/ Adjustments	As at 31.03.2006	Upto 01.04.2005	For the Year	On With- drawals/ Adjustments	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005	
Tangible Assets											
Building	2,83,45,370	–	–	2,83,45,370	30,41,412	4,62,030	–	35,03,442	2,48,41,928	2,53,03,958	
Air-conditioners	57,02,583	13,50,367	6,84,868	63,68,082	23,41,231	2,59,473	3,48,533	22,52,171	41,15,911	33,61,352	
Furniture and Fixtures	1,49,92,784	32,42,662	33,02,404	1,49,33,042	74,31,437	11,50,291	20,04,091	65,77,637	83,55,405	75,61,347	
Office Equipments	1,38,97,488	21,08,110	21,91,533	1,38,14,065	46,34,613	6,82,278	11,66,079	41,50,812	96,63,253	92,62,875	
Vehicles - Commercial	24,45,21,303	6,36,10,793	2,56,89,546	28,24,42,550	6,10,02,012	5,52,60,984	1,62,49,370	10,00,13,626	18,24,28,924	18,35,19,291	
Vehicles - Non Commercial	1,18,46,418	19,04,402	6,800	1,37,44,020	24,82,502	29,82,220	706	54,64,016	82,80,004	93,63,916	
Computers	3,54,05,598	77,17,641	10,53,172	4,20,70,067	2,03,77,885	48,09,346	9,29,383	2,42,57,848	1,78,12,219	1,50,27,713	
Leasehold Improvements	50,66,082	96,84,171	13,97,618	1,33,52,635	38,26,855	15,16,876	13,29,335	40,14,396	93,38,239	12,39,227	
Intangible Assets											
Computer - Software	36,98,960	22,09,371	–	59,08,331	17,76,990	9,98,094	–	27,75,084	31,33,247	19,21,970	
	36,34,76,586	9,18,27,517	3,43,25,941	42,09,78,162	10,69,14,937	6,81,21,592	2,20,27,496	15,30,09,033	26,79,69,129	25,65,61,649	
Capital Work in Progress (Including Capital Advances)	23,10,389	21,36,032	6,87,500	37,58,921	–	–	–	–	37,58,921	23,10,389	
TOTAL	36,57,86,975	9,39,63,549	3,50,13,441	42,47,37,083	10,69,14,937	6,81,21,592	2,20,27,496	15,30,09,033	27,17,28,050	25,88,72,038	
Previous Year	28,42,53,544	13,59,28,407	5,43,94,976	36,57,86,975	9,48,95,379	4,04,50,729	2,84,31,171	10,69,14,937	25,88,72,038		

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
SCHEDULE 6		
INVESTMENTS		
Unquoted - Long Term - Non Trade		
A. GOVERNMENT SECURITIES		
6-Year National Savings Certificates (Lodged with Customs Authorities)	10,000	10,000
Rural Electrification Corporation Capital Gains Bonds 3,500 (Previous Year 3,500) Capital Gain Bonds of Rs.10,000/- each.	3,50,00,000	3,50,00,000
B. OTHER INVESTMENTS		
Trans Global Impex Limited 58,800 (Previous Year 58,800) Equity Shares of Rs.10/- each fully paid	5,88,000	5,88,000
C. INVESTMENTS IN MUTUAL FUND		
Kotak Mahindra Mutual Fund 'Kotak Floater - Long Term Monthly Dividend Plan' Nil (Previous Year 17,47,715.534) Units of Rs.10.025 each 17,47,715.534 (Previous Year Nil) Units sold during the year	-	1,75,21,266
'Kotak Bonds Regular Plan - Quarterly Dividend' 9,49,469.247 (Previous Year 9,49,469.247) Units of Rs.10.532 each	1,00,00,000	1,00,00,000
Franklin Templeton Mutual Fund 'Templeton Floating Rate Income Fund Short Term Plan' 9,53,407.030 (Previous Year 9,12,977.310) Units of Rs.10.010 each 40,429.720 (Previous Year Nil) Units purchased during the year	95,44,001	91,38,863
DSP Merrill Lynch Mutual Fund 'DSPML Floating Rate Fund - Dividend' Nil (Previous Year 9,84,562.067) Units of Rs.10.157 each 9,84,562.067 (Previous Year Nil) Units sold during the year	-	1,00,00,000
HDFC Mutual Fund 'HDFC Floating Rate Income Fund - Long Term - Dividend Reinvestment' 15,48,683.173 (Previous Year 14,93,280.240) Units of Rs.10.045 each 55,402.933 (Previous Year Nil) Units purchased during the year	1,55,58,334	1,50,00,000
Unquoted - Current Investment - Non Trade		
Kotak Mahindra Mutual Fund 'Kotak Liquid Institutional - Daily Dividend' Nil (Previous Year 34,76,450.848) Units of Rs.12.228 each 34,76,450.848 (Previous Year Nil) Units sold during the year	-	4,25,10,388
Prudential ICICI Fund 'Prudential ICICI FMP - Dividend Reinvestment' 20,00,000 (Previous Year Nil) Units of Rs.10.000 each 20,00,000 (Previous Year Nil) Units purchased during the year	2,00,00,000	-
DSP Merrill Lynch Mutual Fund 'DSP Merrill Lynch - Daily Dividend-Reinvestment' 50,013.911 (Previous Year Nil) Units of Rs.1,000.200 each 50,013.911 (Previous Year Nil) Units purchased during the year	5,00,23,914	-
	<u>14,07,24,249</u>	<u>13,97,68,517</u>
Less : Provision for diminution in value of Equity Shares	5,88,000	5,88,000
	<u>14,01,36,249</u>	<u>13,91,80,517</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
Aggregate amount of Unquoted Investments	14,01,36,249	13,91,80,517
Repurchase price of mutual fund units, represented by Net Asset Value	10,51,26,249	10,41,70,517

During the year the following current investments were purchased and sold :

	No. of Units	Cost	No. of Units	Cost
1. HSBC Cash Fund - Institutional - Daily Dividend	-	-	51,30,757.282	5,35,52,609
2. I L & F S Liquid Account - Institutional Plan - Dividend Option	-	-	20,00,793.588	2,00,07,936
3. GCFD - Grindlays Cash Fund - Daily Dividend	-	-	29,87,408.796	31,62,461
4. Templeton India Treasury Management Account - Daily Dividend Reinvestment	-	-	22,521.361	3,40,51,457
5. Kotak Liquid Institutional Short Term Plan - Daily Dividend	94,22,561.943	11,52,20,030	4,53,83,019.207	55,49,87,075
6. GMTD GSSIF - Medium Term - Bi-Monthly - Dividend Option	-	-	12,48,508.297	1,25,51,129
7. TDBG Tata Dynamic Bond Fund - Option B - Growth	-	-	11,91,940.575	1,25,00,000

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured)

Debts outstanding for a period exceeding six months :

- Considered Good	1,15,63,607	41,65,860
- Considered Doubtful	1,39,05,376	1,18,39,761
Other Debts - Considered Good	<u>43,03,21,011</u>	<u>38,50,03,041</u>
	45,57,89,994	40,10,08,662
Less : Provision for Doubtful Debts	<u>1,39,05,376</u>	<u>1,18,39,761</u>
	<u>44,18,84,618</u>	<u>38,91,68,901</u>

SCHEDULE 8

CASH AND BANK BALANCES

Cash and Cheques on hand	2,69,84,248	2,33,89,138
With Scheduled Banks :		
- On Current Accounts	2,89,69,893	1,65,11,510
- On Fixed Deposits*	14,78,373	12,96,906
- On Dividend Account	<u>22,44,512</u>	<u>21,84,014</u>
	<u>5,96,77,026</u>	<u>4,33,81,568</u>

* Includes Rs.14,78,373/- with Banks as Margin Money
(Previous Year Rs.12,96,906/-)

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2006 Rupees	As at 31st March, 2005 Rupees
SCHEDULE 9		
OTHER CURRENT ASSETS		
(Unsecured - Considered Good)		
Interest accrued on Fixed Deposits	3,37,395	2,61,668
Accrued Dividend	-	1,05,858
	<u>3,37,395</u>	<u>3,67,526</u>
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	2,17,18,149	1,36,54,812
Sundry Deposits	1,82,82,029	1,70,19,694
Advance Income Tax (Net of Provisions)*	2,39,72,934	2,55,49,945
	<u>6,39,73,112</u>	<u>5,62,24,451</u>
* Net of Provisions of Rs. 3,89,20,000/- (Previous Year Rs. 3,20,00,000/-)		
SCHEDULE 11		
CURRENT LIABILITIES		
Sundry Creditors	27,84,40,251	22,98,41,793
Other Liabilities	36,53,211	34,00,339
Unclaimed Dividend	22,44,512	21,84,014
Book Overdraft	2,40,63,110	3,20,38,619
	<u>30,84,01,084</u>	<u>26,74,64,765</u>
SCHEDULE 12		
PROVISIONS		
Provision for Fringe Benefit Tax (net)	39,50,360	-
Provision for Wealth Tax	87,000	74,000
Provision for Retirement Benefits :		
- Gratuity	23,98,560	11,95,781
- Leave Encashment	31,88,529	22,70,100
Proposed Dividend	1,99,86,250	1,59,89,000
Tax on Proposed Dividend	28,03,071	22,42,458
	<u>3,24,13,770</u>	<u>2,17,71,339</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

For the year ended
31st March, 2006
Rupees

For the year ended
31st March, 2005
Rupees

SCHEDULE 13

INCOME FROM SERVICES RENDERED

Commission :		
- Air Passage	13,98,14,824	11,57,72,662
- Hotel Reservation	9,78,018	3,52,600
- Shopping	1,11,25,653	80,59,922
- Management Fees	2,07,08,081	1,50,22,652
- Traveller's Cheques	1,89,255	93,637
Tours	1,46,41,569	1,02,27,518
Transport	38,71,96,346	29,35,72,189
Foreign Exchange	1,33,46,230	1,06,34,470
Other Services	1,81,06,169	1,53,01,376
	<u>60,61,06,145</u>	<u>46,90,37,026</u>

SCHEDULE 14

OTHER INCOME

Interest on Non Trade Investments (Gross)	21,28,623	21,35,000
Interest on Bank Deposits etc. (Gross)*	1,01,356	2,89,192
Dividend on Unquoted Non Trade Current Investments	2,44,775	7,10,864
Dividend from Unquoted Non Trade Long Term - Investment	19,67,455	10,99,913
Doubtful Debts and Advances - Provision Written Back	8,60,209	20,00,000
Liabilities Written Back	40,51,843	21,71,055
Profit on Sale of Unquoted Non Trade Long Term Investments	10,485	1,76,623
Profit on Sale of Fixed Assets	24,20,970	18,42,687
Miscellaneous Income**	26,60,570	4,90,236
	<u>1,44,46,286</u>	<u>1,09,15,570</u>

* Tax deducted at source Rs. 4,685/- (Previous Year Rs. 63,965/-)

** Includes Rental Income Rs. Nil (Previous Year Rs. 21,931/-)

SCHEDULE 15

EMPLOYEES' REMUNERATION AND WELFARE EXPENDITURE

Salaries, Wages and Bonus	9,81,14,678	7,53,44,813
Contribution to Provident and Other Funds	75,28,863	63,34,894
Workmen and Staff Welfare Expenses	3,87,50,426	2,54,72,247
	<u>14,43,93,967</u>	<u>10,71,51,954</u>
Less : Recoveries	8,37,363	7,71,506
	<u>14,35,56,604</u>	<u>10,63,80,448</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2006		For the year ended 31st March, 2005	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 16				
OPERATING AND OTHER EXPENDITURE				
Car, Fuel, Oil & Lubricants		5,82,71,463		4,50,25,511
Rent		1,48,60,505		1,39,09,644
Rates and Taxes		53,57,351		59,05,677
Travelling and Conveyance		1,58,59,733		1,41,99,956
Motor Vehicle Expenses		41,23,427		35,87,045
Postage, Telephone, Fax and Cellphones		1,71,14,890		1,52,32,836
Electricity and Water		58,72,983		44,48,082
Insurance		99,57,722		83,94,857
Repair and Maintenance - Building		1,81,516		2,09,586
Repair and Maintenance - Cars		3,06,30,198		2,55,07,163
Repair and Maintenance - Others		94,23,999		99,18,340
Service Charges		6,92,85,555		5,28,04,556
Business Promotion & Marketing Expenses		47,52,031		73,05,239
Printing and Stationery		1,02,75,253		1,02,03,117
Auditors' Remuneration :				
- Audit Fees	7,00,000		7,00,000	
- Tax Audit	1,00,000		1,00,000	
- Out of Pocket Expenses	73,657		89,763	
- Other Services	3,00,000	11,73,657	4,14,200	13,03,963
Legal and Professional Charges		97,41,062		69,70,534
Advertisement		28,74,413		33,99,035
Subscription		18,50,955		15,66,520
Debts/Advances Written Off		-		1,21,397
Provision for Doubtful Debts/Advances		29,25,824		92,05,575
Bank Charges		10,51,993		8,45,635
Loss on Fixed Assets Discarded/Sold		40,37,266		76,77,492
Loss on sale of Short Term Unquoted Non Trade Investments		36,330		11,22,744
Miscellaneous Expenses		24,52,478		22,73,776
		<u>28,21,10,604</u>		<u>25,11,38,280</u>
SCHEDULE 17				
INTEREST				
On Bank Overdraft		6,84,661		3,31,974
On Term Loans :				
- Banks		72,52,401		65,27,170
- Others		21,48,471		20,31,817
		<u>1,00,85,533</u>		<u>88,90,961</u>
SCHEDULE 18				
EARNINGS PER SHARE				
(a) Profit after Taxation		6,99,72,870		4,58,09,148
(b) Weighted average number of Equity Shares of Rs.10/- each outstanding		79,94,500		79,94,500
(c) Basic and diluted earnings per share in Rupees [(a)/(b)]		8.75		5.73

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

I. Significant Accounting Policies

a. Accounting Convention

Financial statements are prepared in accordance with the historical cost convention on an accrual basis, generally accepted accounting principles, including mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable and relevant presentational requirements of the Companies Act, 1956.

b. Fixed Assets

To state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition less accumulated depreciation and impairment losses, if any.

Intangible assets represent acquired computer software, being amortised over a period of 60 months over which benefits are likely to accrue to the Company.

c. Depreciation/Amortisation

To provide depreciation on fixed assets acquired upto 31st March, 1992 on written down value method and in respect of assets acquired thereafter, on straight line method.

In respect of assets acquired after 31st March, 1992, depreciation is calculated on fixed assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual installments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

d. Retirement Benefits

Contributions to Provident Fund are made at pre-determined rates to the Government and charged to revenue. The contribution in respect of Gratuity Fund is made to LIC based on actuarial valuation carried out at the year-end, which is charged to revenue including shortfall, if any, on such actuarial valuation. The contributions in respect of Superannuation Fund are made to a separate Superannuation Fund Trust based on actuarial valuation carried out at the year-end and charged to revenue. Provision for leave encashment is made on the basis of actuarial valuation carried out at the year-end and charged to revenue.

e. Revenue Recognition

For services rendered to clients, the commission received from airlines, hotels etc., income on tours and transport and other services (net of charges) are accounted for on completion of service.

f. Foreign Currency Transactions

To record transactions in foreign currencies at the exchange rates prevailing on the date of the transaction. Monetary liability/assets on account of foreign currency are converted at the exchange rates prevailing as at the end of the year. Exchange differences are appropriately dealt with in the Profit and Loss Account.

g. Investments

To state Current Investments at lower of cost and fair value, and Long Term Investments at cost. Where applicable, provision is made where there is a diminution, other than temporary, in valuation of Long Term Investments.

h. Proposed Dividend

To provide for Dividends as proposed by the Board of Directors in the books of account, pending approval at the Annual General Meeting.

i. Borrowing Cost

Borrowing costs attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

j. Taxation

To provide and determine Current tax as the amount of tax payable in respect of taxable income for the period.

To provide and determine Fringe Benefit tax as the amount of tax payable in respect of taxable fringe benefits for the period.

To provide and recognise Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise entire Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

k. Finance Leases

Leases of fixed assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charges is charged to the Profit and Loss account over the lease period.

Operating Leases

Lease rentals are recognised as expense on a straight-line basis over the term of the lease.

l. Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

2. Notes to Accounts :

i. Related Party Disclosure under Accounting Standard 18

Parties where control exists

Associate companies : ITC Limited, Russell Credit Limited.

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

Key Management Personnel:

Board of Directors

Mr. S.S.H. Rehman
Mr. Nakul Anand
Mr. Anil Bhandari
Mr. Y.C. Deveshwar
Mr. Anil Rajput
Mr. H.P. Ranina
Mr. S.C. Sekhar
Mr. K.L. Thapar
Mr. O.P. Vaish

Corporate Management Committee Members*

Mr. Ashish Kumar
Mr. Rakesh Krishan
Mr. Atul Kumar
Mr. Kamal Hingorani

* Mr. Ashish Kumar and Mr. Rakesh Krishan ceased to be Members of the Committee effective 1st July, 2005 and 1st September, 2005 respectively.

* Mr. Atul Kumar and Mr. Kamal Hingorani were inducted as the members of the Committee on 12th September, 2005 and 24th January, 2006 respectively.

Transactions during the year :

	Associate Companies	Associate Companies	Key Mgmt. Personnel	Key Mgmt. Personnel	Key Mgmt. Personnel Relatives/Firms	Key Mgmt. Personnel Relatives/Firms
	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees
Sale of Goods and Services						
- ITC Limited	65,96,95,256	49,12,53,321	-	-	-	-
- Others	-	-	6,477	8,63,525	1,48,752	4,35,550
Purchase of Goods and Services						
- ITC Limited	39,18,999	47,02,271	-	-	-	-
- Others	-	-	-	-	4,57,500*	4,32,580*
Other Income						
- ITC Limited	-	20,00,000	-	-	-	-
Rent						
- ITC Limited	28,75,086	32,44,849	-	-	-	-
- Others	-	-	72,000	1,44,000	-	-
Purchase of Fixed Assets						
- ITC Limited	3,46,517	-	-	-	-	-
Dividend Paid						
- ITC Limited	5,75,200	4,31,400	-	-	-	-
- Russell Credit Limited	72,53,276	54,39,957	-	-	-	-
- Others	-	-	-	-	200	1,650

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

	Associate Companies	Associate Companies	Key Mgmt. Personnel	Key Mgmt. Personnel	Key Mgmt. Personnel Relatives/Firms	Key Mgmt. Personnel Relatives/Firms
	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees	Current year Rupees	Previous year Rupees
Balance outstanding as at the year end						
Accounts Receivable						
- ITC Limited	8,84,07,808	8,09,21,390	-	-	-	-
Sundry Creditors						
- ITC Limited	17,46,474	16,18,903	-	-	-	-
Deposit Paid						
- ITC Limited	5,54,200	55,000	-	-	-	-
- Others	-	-	-	4,00,000	-	-
Amount Written off/Provided/Adjusted in respect of debts due from						
- ITC Limited	-	2,90,263	-	-	-	-
Rent Received						
- ITC Limited	72,000	-	-	-	-	-
Remuneration paid						
- Mr. Anil Bhandari	-	-	30,23,462	28,87,976	-	-
- Mr. Atul Kumar	-	-	12,72,297	-	-	-
- Mr. Rakesh Krishan	-	-	8,32,392	17,52,096	-	-
- Mr. Kamal Hingorani	-	-	4,85,913	-	-	-
- Mr. Ashish Kumar	-	-	4,25,570	12,43,023	-	-

* Amount paid to M/s. Vaish Associates, where Mrs. Manju Vaish, Mr. Vinay Vaish and Mrs. Kali Vohra are partners and relatives of Mr. O. P. Vaish as wife, son and daughter respectively.

	For the year ended 31st March, 2006 Rupees	For the year ended 31st March, 2005 Rupees
ii. Expenditure in Foreign Currency		
Subscription, Entrance fees, Travel etc.	16,82,207	33,41,858
iii. Receipts in Foreign Currency (Cash Basis) :		
Receipts from Travel & Tours including Credit Cards Rs.3,28,56,220/- (Previous Year Rs.2,25,89,538/-)	4,81,50,364	4,31,29,797
Income by way of Car Rental Services	5,25,02,137	4,02,04,498
iv. Director's Remuneration :		
a) Salary and Allowances	24,28,929	23,45,000
b) Other Perquisites	1,20,035	1,44,386
c) Contribution to Provident and other Funds	4,74,498	3,98,590
	<u>30,23,462</u>	<u>28,87,976</u>

International Travel House Limited

SCHEDULES TO THE ACCOUNTS

- v. Contingent liabilities not provided for :
- Guarantee outstanding Rs.1,00,00,000/- (Previous Year Rs.1,00,00,000/-).
 - Claim against the Company not acknowledged as debts Rs.9,93,406/- for which Company has initiated a legal suit in High Court of Delhi.
- vi. Capital commitments (net of capital advances) Rs.60,96,718/- (Previous Year Rs.23,10,389/-).
- vii. The outstanding liabilities as at the close of the year do not include any amounts due to any small scale industrial undertaking as defined under section 3(j) of the Industries (Development & Regulation) Act, 1951.
- viii. The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.
- ix. During the current year, the management has re-assessed the estimated useful lives of all fixed assets. On the basis of results of such re-assessment, the estimated useful life of vehicles has been revised with effect from 1st April, 2005 and additional depreciation of Rs.1,59,90,311/- has been recognised in the current year's profit and loss account. Accordingly, the profit for the year and reserves and surplus at the year end is lower and depreciation charge is higher by Rs.1,59,90,311/-.
- x. Segmental Reporting
- Business segments
- The primary reporting of the Company has been performed on the basis of business segment. The Company has only one reportable business segment, which is 'travel related services' that include air ticketing, car rentals, inbound tourism, overseas and domestic holiday packages, conferences, events and exhibition management and operates in a single business segment based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems. Accordingly, the figures appearing in these financial statements relate to the Company's single business segment.
- Geographical segments
- Secondary segmental reporting is performed on the basis of the geographical location of customers. The operations of the Company are confined to India. Accordingly, the figures appearing in these financial statements relate to the Company's single geographical segment.
- xi. Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date

for S.R. Batliboi & Associates
Chartered Accountants

per Raman Sobti
Partner
Membership No. 89218

Place : New Delhi
Dated : 5th May, 2006

Signature to Schedules I to 19

On behalf of the Board

Anil Bhandari
Managing Director

S. C. Sekhar
Director

Janaki Aggarwal
Company Secretary

International Travel House Limited

AUDITORS REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of International Travel House Limited, as at 31st March, 2006, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - ii) 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 ;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31st March, 2006;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date ; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for S.R. Batliboi & Associates
Chartered Accountants

per Raman Sobti

Partner

Place : New Delhi

Date : 5th May, 2006

Membership No. 89218

International Travel House Limited

ANNEXURE TO THE AUDITORS REPORT

FOR THE YEAR ENDED 31st MARCH, 2006

Referred to in paragraph 3 of the Auditor's Report of even date to the members of International Travel House Limited on the financial statements for the year ended 31st March, 2006.

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii. The Company does not have inventory, hence clause 2 (a), (b) and (c) of the Order are not applicable in the case of the Company.
- iii. (a) As informed, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Due to the nature of its business, the Company does not have purchase of inventory or sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. According to the information and explanations given to us, the Company has not entered into any contract or arrangement referred to in Section 301 of the Act, the particulars of which needs to be entered in the register required to be maintained under that section.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- ix. (a) Undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth tax, service tax, cess, customs duty have been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company has no outstanding dues in respect of a financial institution or debenture holders.
- xii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

International Travel House Limited

ANNEXURE TO THE AUDITORS REPORT

FOR THE YEAR ENDED 31st MARCH, 2006

- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, (as amended) are 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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to 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. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- 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. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised money by public issues during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per 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.R. Batliboi & Associates
Chartered Accountants

per Raman Sobti
Partner

Place : New Delhi
Date : 5th May, 2006

Membership No. 89218

International Travel House Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No. State Code

Balance Sheet Date
 Day Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N . A .

Bonus Issue

N . A .

Rights Issue

N . A .

Private Placement

N . A .

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

9 7 7 7 3 6

Total Assets

9 7 7 7 3 6

Sources of Funds

Paid up Capital

7 9 9 4 5

Secured Loans

1 4 3 8 8 1

Deferred Tax

2 6 0 7 0

Reserves & Surplus

3 8 7 0 2 5

Unsecured Loans

N . A .

Application of Funds

Net Fixed Assets

2 7 1 7 2 8

Net Current Assets

2 2 5 0 5 7

Accumulated Losses

N . A .

Investments

1 4 0 1 3 6

Misc. Expenditure

N . A .

IV. Performance of Company (Amount in Rs. Thousands)

Turnover*

6 2 0 5 5 2

Total Expenditure

5 0 3 8 7 4

*Includes other income

+ / -

Profit/Loss Before Tax**

1 1 6 6 7 8

+ / -

Profit/Loss After Tax**

6 9 9 7 3

**Please tick appropriate box + for profit, - for loss

Earnings Per Share in Rs.

8 . 7 5

Dividend Rate %

2 5

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. N . A .

Product Description The Company is in the Travel Related Services which is not covered under ITC classification.

International Travel House Limited

DISCLAIMER

The information furnished above is certified by International Travel House Limited to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it.

Janki Aggarwal
Company Secretary
International Travel House Limited