

INDIA TRADE PROMOTION ORGANISATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013

1 GENERAL INFORMATION

The Company was incorporated u/s 25 of the Companies Act, 1956, on 30.12.1976 as Trade Fair Authority of India (TFAI) with the objective of promoting India's trade primarily through the medium of organising trade fairs and exhibitions in India and abroad. Subsequent to the merger of erstwhile Trade Development Authority of India with TFAI on 1.1.1992, the merged organisation was renamed as India Trade Promotion Organisation duly approved by Registrar of Companies on 16.04.1992. The Company is the apex trade promotion body of the Government of India and functions under the administrative control of the Department of Commerce in the Ministry of Commerce and Industry.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a** The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and applicable Accounting Standards notified u/s 211 (3c) as well as other provisions of the Companies Act, 1956, subject to what is stated hereinafter.
- b** The Company follows the mercantile system of accounting and recognises significant items of income and expenditure on accrual basis with the exceptions stated below:-
 - i)** Leave Travel Concession expenses are accounted for in the year in which LTC is availed.
 - ii)** Remission of demurrage including those on behalf of other parties, on settlement.
 - iii)** Claims for liquidated damages from contractors for delayed execution of work, when the amount is finally determined and agreed upon.
 - iv)** Subscription fees from associate subscribers and service charges from regular subscribers on receipt. However, subscription fee received in advance is accounted for in the relevant year for which it pertains.
- c** Grants are taken to capital or revenue account as per nature of expenditure. Specific capital grants are reduced from the cost of specific assets.
- d** Expenditure/Income of Fairs/Exhibitions held in India and abroad, is accounted for in the year in which the event commences. However, in case of long term events having duration of three months or more, spread over two accounting periods, major period of which falls in the subsequent accounting period, the surplus/deficit of such event is accounted for in the year in which the event concludes.
- e** Cost of exhibits of the Company and items of interior decoration displayed at fairs, are treated as revenue expenditure. However, new exhibits in stock for utilization in future fairs are treated as closing stock.
- f** Provision for expenses is made on estimated basis, where bills are awaited and expenditure pertaining to the current year is yet to be incurred.
- g** Expenditure incurred through CPWD on Civil, Electrical and Horticulture work, is accounted for on the basis of accounts rendered by them.
- h** Income and Expenditure relating to earlier years, not exceeding Rs.10,000 in each case, are treated as pertaining to current year.
- i** Income from dividend is accounted for as and when declared.
- j** In cases where contracts with licensee(s) have expired, dues are accounted for provisionally on the basis of expired contracts/revised accords till final decision in the matter is reached/revised contracts executed.

2.2 FIXED ASSETS

Fixed Assets are stated at cost, net of "grants received", "accumulated depreciation" and any impairment in value.

2.3 DEPRECIATION

- a** Assets costing Rs.5,000 or less individually are depreciated @ 100%.
- b** Depreciation is calculated on the straight line method on pro-rata basis from/up to the month of addition/deletion at the rates determined by the management. These rates are not lower than the rates prescribed in the Companies Act, 1956.
- c** Leasehold land acquired on perpetual lease basis is not amortized.

2.4 INTANGIBLE ASSETS

The cost of the Softwares acquired or developed internally are written off equally over a period of three years from the year in which the software is available for use.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

2.5 INVESTMENTS

Current Investments are carried at the lower of the cost or market value. Long term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if decline in value is other than temporary in the opinion of the management.

2.6 EMPLOYEES' BENEFITS

The liability for Gratuity and Leave Encashment is provided for on the basis of actuarial valuation made at the end of the year, keeping in view the rules of the organisation on the subject.

2.7 CURRENT ASSETS

- a Sundry debtors and advances are stated net of provisions for doubtful debts in respect of dues outstanding for more than three years, or otherwise except cases where the Company is hopeful of recovery.
- b Inventories are valued at lower of the cost or net realizable value.

2.8 FOREIGN CURRENCIES

- a The current assets and current liabilities are translated at the rate of exchange prevalent on the date of balance sheet and the resultant difference is accounted for as gain or loss in exchange.
- b Items of income and expenditure relating to foreign currency transactions are accounted for at the average rate of remittances abroad.
- c The fixed assets are accounted at the average rate of remittance(s) in the year of acquisition. In case previous funds are utilised, average rate of the previous remittance(s) is taken for the purpose of conversion.

3 SHARE CAPITAL

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Authorised 50,000 Equity Shares of Rs. 100 each	50,00,000	50,00,000
Issued, Subscribed & Fully paid-up 25,000 Equity Shares of Rs. 100 each fully paid up	25,00,000	25,00,000
	25,00,000	25,00,000

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31.03.2013	
	No. of shares	(Rs.)
Equity Shares:		
At the beginning of the period	25,000	25,00,000
Issued during the year	-	-
Outstanding at the end of the period	25,000	25,00,000

b. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity share is entitled to one vote per share. Since the Company is incorporated u/s 25 of Companies Act, 1956, it is prohibited from distribution of surplus, if any, or other income of the Company to its members by way of dividend, bonus shares or otherwise.

In the event of winding up or dissolution of the Company, if there remains, after the satisfaction of all the debts and liabilities and return of original capital to the Government, any property whatsoever, the same shall not be distributed amongst the members of the company but shall be given or transferred to such other company having objects similar to the objects of the company to be determined by the members of the company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

c. Details of Shareholders holding more than 5% shares in the Company

	As at 31.03.2013	
	No. of shares	% age
Equity Shares of Rs. 100 each fully paid Government of India	25,000	100

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

4 RESERVES AND SURPLUS

	As at 31.03.2013	As at 31.03.2012
	(Rs.)	(Rs.)
Capital Reserves		
(a) Capital Grant from Government of India (Fully Utilised)#		
-Balance as per the last financial statement	62,90,83,618	62,90,83,618
-Additions during the Year	-	-
-Adjustments/deductions	-	-
Closing Balance	62,90,83,618	62,90,83,618
(b) Other Reserves ##		
-Balance as per the last financial statement	71,21,985	71,21,985
-Additions during the Year	-	-
-Adjustments/deductions	-	-
Closing Balance	71,21,985	71,21,985
Surplus/ deficit as per Income and Expenditure Account		
Balance as per the last financial statement	8,96,75,05,698	7,13,71,94,912
Add: Surplus for the year	1,52,29,39,051	1,83,03,10,786
Closing Balance	10,49,04,44,749	8,96,75,05,698
	11,12,66,50,352	9,60,37,11,301

Includes unspecified grant of Rs.49,65,61,618.

##Represents excess of assets over liabilities of organisations merged with the Company and excess of amounts realised on sale of assets over their acquisition cost, etc.

5 OTHER LONG TERM LIABILITIES

	As at 31.03.2013	As at 31.03.2012
	(Rs.)	(Rs.)
Others		
Income Received in Advance	3,54,67,194	5,01,08,519
	3,54,67,194	5,01,08,519

6 LONG TERM PROVISIONS

	As at 31.03.2013	As at 31.03.2012
	(Rs.)	(Rs.)
Provision for Employees' Benefits (Refer Note 34)		
-Gratuity	36,26,00,882	33,11,80,791
-Leave Enchashment	15,70,41,057	15,09,33,763
	51,96,41,939	48,21,14,554

7 TRADE PAYABLES

	As at 31.03.2013	As at 31.03.2012
	(Rs.)	(Rs.)
Trade Payables #	13,03,06,531	15,54,77,483
	13,03,06,531	15,54,77,483

DUES TO MICRO,SMALL & MEDIUM ENTERPRISES

There are no Micro, Small & Medium Enterprises to whom the Company owes dues as at 31st March 2013. This information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006, has been determined on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013 (CONTD.)

8 OTHER CURRENT LIABILITIES

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Income Received in Advance	27,88,36,916	19,03,44,000
Security Deposits	3,44,45,362	3,07,78,645
Advance Payments and Deposits	20,73,16,262	19,22,84,721
Employees' Benefits Payable	4,80,67,303	6,69,80,875
Statutory Dues	2,85,06,255	4,95,75,267
Other Payables	7,12,83,081	5,43,40,841
	66,84,55,179	58,43,04,349

9 SHORT TERM PROVISIONS

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
(a) Provision for Employees' Benefits		
-Gratuity (Refer Note 34)	4,15,14,201	3,38,78,595
-Leave Encashment (Refer Note 34)	2,00,23,457	1,47,07,956
-Performance Related Pay #	23,89,93,046	19,89,93,046
(b) Others		
-Provision for Refund of Contingency Charges	1,32,36,220	2,38,57,480
	31,37,66,924	27,14,37,077

The Provision has been made in accordance with the guidelines of the Department of Public Enterprises on the subject. During the year, the Member Audit Board observed that as per the DPE Guidelines dated 26.11.2008, the PRP Scheme is not applicable to the Company as it is incorporated u/s 25 of the Companies Act, 1956, which prohibits distribution of profits. The Company has clarified that the DPE Guideline on revision of pay scales w.e.f. 1.1.2007 which inter-alia includes payment of PRP also, are applicable to all profit generating PSEs and the guidelines nowhere state that these are not applicable to PSEs incorporated u/s 25 of the Companies Act, 1956. This view point of the Company has not been accepted by the Member Audit Board. The matter is being taken up with Department of Public Enterprises. The Company is hopeful of a positive response from the concerned authorities in the matter. Further, pending in principle approval and formulation of the PRP scheme, ad-hoc payments amounting to Rs. 10,27,33,416 (Previous Year Rs. 7,75,45,924) were released to the employees till 31.3.2013 as 'Interest free advances' on the undertaking from them that the amounts released would be recovered or adjusted as per the decision on the subject.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

11 NON-CURRENT INVESTMENTS (AT COST)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
(a) Trade Investments Unquoted		
2,00,000 equity shares of Rs.100 each fully paid in National Centre for Trade Information (Joint Venture Company)	2,00,00,000	2,00,00,000
51 equity shares of Rs.1,000 each fully paid in Tamilnadu Trade Promotion Organisation (Subsidiary Company)	51,000	51,000
2,550 equity shares of Rs.1,000 each fully paid in Karnataka Trade Promotion Organisation (Subsidiary Company)	25,50,000	25,50,000
99,450 equity shares of Rs.1,000 each in Karnataka Trade Promotion Organisation (Subsidiary Company), application money pending allotment	9,94,50,000	9,94,50,000
	12,20,51,000	12,20,51,000
(b) Others Unquoted		
5 shares of Rs.50 each in Sea Glimpse Co-operative Housing Society, Mumbai	250	250
	12,20,51,250	12,20,51,250

(i) Aggregate amount of unquoted Investments	12,20,51,250	12,20,51,250
(ii) Aggregate provision for diminution in value of investments	Nil	Nil

12 LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD,UNLESS STATED OTHERWISE)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Capital Advances	4,53,47,082	6,12,39,242
Loans & Advances		
Advance to KTPO -Subsidiary Company [Refer note 29 (a)]	7,73,76,950	7,73,76,950
Other Loans & Advances		
Advances to Employees #	1,85,42,447	2,72,09,082
Prepaid Expenses	2,38,133	-
Sundry Deposits	54,09,492	52,33,872
Less: Provison for Doubtful Sundry Deposits	-13,59,283	-13,58,320
	40,50,209	38,75,552
	14,55,54,821	16,97,00,826

Includes

a) Due from Directors	Nil	Nil
b) Due from officers in the nature of loan	7,90,000	14,29,420
c) Fully secured/secured against personal guarantee	1,85,42,447	2,72,09,082

13 OTHER NON-CURRENT ASSETS (SECURED, CONSIDERED GOOD,UNLESS STATED OTHERWISE)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Others		

Interest Accrued on Advances to Employees	3,75,34,195	4,05,68,383
	3,75,34,195	4,05,68,383

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

14 CURRENT INVESTMENTS

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Quoted (at cost)		
185,096 (previous year 176,945) units of Rs. 10 each in UTI-Balance Fund Scheme under reinvestment plan	24,01,212	22,24,267
	24,01,212	22,24,267

(i) Market value of quoted investments	40,23,432	37,03,459
(ii) Aggregate provision for diminution in the value of investments	Nil	Nil

15 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Outstanding for a period exceeding six months from the date they became due for payment		
-Considered Good	3,90,30,410	5,02,41,001
-Considered Doubtful	15,44,14,828	16,05,25,643
	19,34,45,238	21,07,66,644
Less: Provision for Doubtful Receivables	-15,44,14,828	-16,05,25,643
	3,90,30,410	5,02,41,001
Outstanding for a period less than six months from the date they became due for payment		
-Considered Good	5,22,21,223	6,03,39,058
-Considered Doubtful	-	4,83,176
	5,22,21,223	6,08,22,234
Less: Provision for Doubtful Receivables	-	-4,83,176
	5,22,21,223	6,03,39,058
	9,12,51,633	11,05,80,059

16 CASH & BANK BALANCES

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Cash & Cash Equivalents		
-Balances with Banks in Current/Saving Accounts #	36,07,16,301	40,81,14,053
-Bank Deposits upto 3 months original maturity	20,00,00,000	25,00,00,000
-Drafts /Cheques on Hand	2,05,832	9,26,467
-Cash on Hand	5,53,419	7,70,844
-Postage Imprest	1,05,986	64,701
-Remittance in Transit	-	1,19,988
-Gold Coins on hand	1,82,422	-
	56,17,63,960	65,99,96,053
Other Bank Balances		
-Bank Deposits with more than 3 months but upto 12 months original maturity	8,80,99,87,999	4,92,00,00,000
-Bank deposits with original maturity for more than 12 months	35,00,00,000	2,72,00,00,000
	9,72,17,51,959	8,29,99,96,053

Includes

(i) Lying in foreign countries	21,48,383	18,54,059
(ii) Out of (i) above, unconfirmed on the date of the Balance Sheet	Nil	4,82,715

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

17 SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Loans & Advances to Subsidiaries		
-TNTPO	2,93,427	9,74,426
-KTPO	61,27,732	58,79,121
Others		
Advances to Employees #	12,13,25,832	9,94,98,293
Advances to Parties	11,85,14,398	12,04,41,245
	23,98,40,230	21,99,39,538
Less: Provision for Doubtful Advances	-56,85,749	-58,81,534
	23,41,54,481	21,40,58,004
Service Tax Recoverable	-	69,19,185
Income Tax/ TDS Recoverable	66,70,44,915	38,02,40,592
Less: Provision for Doubtful Recovery of TDS	-4,88,38,000	-
	61,82,06,915	38,02,40,592
Prepaid Expenses	35,83,331	28,90,384
Inter-Corporate Deposits	75,00,00,000	75,00,00,000
	1,61,23,65,886	1,36,09,61,712

Includes

a) Due from Directors	Nil	10,620
b) Due from Officers in the nature of loan	8,78,000	12,28,490
c) Fully secured/secured against personal guarantee	1,07,15,305	1,22,33,866

18 OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Grant recoverable from Government of India	19,52,41,306	24,11,52,670
Less: Provision for Doubtful Recovery of Grant	-13,92,83,664	-13,70,04,537
	5,59,57,642	10,41,48,133
Interest Accrued on Saving Bank Accounts / Deposits	39,16,81,249	33,53,48,970
Interest Accrued on Advances to Employees	36,76,530	26,90,182
Consumable Stores (valued at cost)	9,80,467	7,93,120
Due from Indian Missions Abroad	22,83,710	1,01,14,806
Due from parties in respect of Deposit Works	45,71,920	44,71,820
Less: Provision for Doubtful Dues	-38,99,183	-23,88,152
	6,72,737	20,83,668
	45,52,52,335	45,51,78,879

19 REVENUE FROM OPERATIONS

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Space Rent (net) #	1,99,68,79,216	2,45,02,96,183
Sale of Entry Tickets / Seasonal Passes	7,09,04,290	11,04,96,914
Sale of Publications	6,78,100	5,94,691
Sale of Film Show Tickets	-	18,72,632
Advertisement (Publications)	28,74,243	24,70,828
Hoardings	3,78,46,191	2,91,08,542
Subscription Fee	12,01,492	16,43,282
Recovery for Various Services Provided	3,13,69,876	2,54,32,412
Recovery of Electricity & Water Charges	8,37,47,306	10,99,50,023
	2,22,55,00,714	2,73,18,65,507

Rs. 1,97,01,000 has not been recognised as income for the year (cumulative upto 31.03.2013 - Rs. 25,16,54,158) in accordance with AS-9 as the same is being disputed by the two parties.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

20 OTHER INCOME

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Interest on		
-Bank Deposits	87,41,24,856	68,10,48,374
-Income Tax Refunds	1,98,73,069	60,19,462
-Advances to Staff	32,31,408	42,21,004
-Others	6,73,93,790	6,38,37,625
	96,46,23,123	75,51,26,465
Dividend from UTI	1,76,946	1,68,426
Profit on Sale of Assets	97,388	4,68,489
Difference in Exchange (net)	15,074	47,55,259
Miscellaneous Income #	6,87,26,031	13,80,69,684
Revenue Grant from Government of India	7,72,51,102	6,59,18,178
Revenue Grant from Government of West Bengal	-	5,50,000
	1,11,08,89,664	96,50,56,501

Does not include penalty charges of Rs. 6,20,128 (previous year-Rs.2,39,49,784) due to cancellation of events by the third party organisers as the penalty amount works out to more than the amount deposited by the parties. As the chances of realisation of the balance penalty are doubtful of recovery, the same shall be accounted for as and when the amount is recovered/adjusted in accordance with the AS-9.

21 EMPLOYEES' BENEFITS EXPENSES

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Salaries, Wages & Allowances #	58,90,99,301	56,22,96,141
Other Perks & Allowances	8,25,88,278	8,69,61,445
Medical Expenses	6,45,06,635	6,84,70,605
Performance Related Pay (Refer foot note to Note no.9)	4,00,22,854	9,50,00,000
Contribution to Provident & Other Funds	5,37,43,441	4,85,52,009
Gratuity (Refer Note 34)	8,63,20,809	6,51,80,611
Leave Encashment (Refer Note 34)	4,93,32,248	4,57,37,937
Staff Welfare	55,37,688	42,80,360
Compensation against Employment-Deceased Employees	1,33,09,556	2,56,62,272
Other Costs	41,72,139	32,67,155
	98,86,32,949	1,00,54,08,535

Includes Rs. 3,70,37,955 (previous year Rs. 4,37,19,156) on account of ex-gratia paid under the Voluntary Retirement Scheme.

22 DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Depreciation	4,59,27,258	4,38,00,668
Amortisation of Intangible Assets	12,66,871	-
	4,71,94,129	4,38,00,668

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

23 OTHER EXPENSES

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Participation Charges	14,67,99,410	14,13,46,750
Construction & Interior Decoration	8,06,22,624	5,85,27,336
Publicity	3,74,71,028	3,85,24,202
Freight, Packing & Handling	3,86,030	9,00,998
Cultural Programmes & Fashion Shows	7,98,260	10,54,700
Travelling & Conveyance [includes Rs. 53,54,363 (previous year Rs. 23,34,027) in respect of Directors]	2,27,06,017	2,01,30,883
Postage, Telegrams & Telephones	47,25,401	58,76,921
Entertainment [includes through Directors Rs. 1,25,201 (previous year Rs.52,082)]	46,91,249	37,48,132
Maintenance of Pragati Maidan		
-Civil [includes Repairs to Buildings Rs.17,34,000 (previous year Rs.4,57,649)]	6,20,01,733	4,74,62,465
-Electrical	7,49,16,425	7,85,44,793
-Horticulture	1,49,05,562	1,25,97,321
-Conservancy Arrangements	2,53,83,971	2,05,57,814
Electricity & Water Charges	17,86,04,718	19,82,06,148
Repairs, Renewals & Maintenance	1,73,11,065	1,09,66,642
Rates & Taxes	2,02,55,281	1,87,54,087
Less: Recoveries	-12,22,951	-12,28,616
	<u>1,90,32,330</u>	<u>1,75,25,471</u>
Books & Periodicals	14,13,316	8,73,895
Printing & Stationery	91,74,099	71,94,707
Rent	14,42,318	13,84,777
Less: Recoveries	-1,39,800	-1,39,800
	<u>13,02,518</u>	<u>12,44,977</u>
Vehicle Maintenance	33,79,219	28,32,751
Less: Recoveries	-34,863	-22,742
	<u>33,44,356</u>	<u>28,10,009</u>
Insurance	9,77,747	5,04,998
Advertisement Expenses	58,36,682	78,12,346
Commission	57,69,933	38,74,362
Foreign Delegation	55,447	7,50,933
Legal & Professional Charges	81,33,048	92,46,163
Seminar & Training	2,07,316	31,77,780
Interest	64,35,241	45,96,794
Compensation	45,51,377	-
Corporate Social Responsibility Expenses	34,47,822	33,00,000
Provisions/Write Offs	5,27,72,536	13,70,64,014
Other Miscellaneous Expenses	1,26,93,464	1,67,01,268
Sitting Fees to Directors	1,10,000	30,000
Auditor's Remuneration		
-Audit Fee	3,00,000	2,55,000
-Tax Audit Fee	80,000	95,000
-Other Expenses	1,18,143	-
	<u>80,70,78,868</u>	<u>85,55,02,822</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

25 EXCEPTIONAL ITEMS

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Liabilities / Provisions no longer required	2,26,54,955	3,40,30,495
Provision for Doubtfull Debts Written Back	57,59,091	70,00,127
	2,84,14,046	4,10,30,622

26 EARNINGS PER EQUITY SHARE

		As at 31.03.2013	As at 31.03.2012
Net Surplus after tax	(Rs.)	1,52,29,39,051	1,83,03,10,786
Equity Shares	(Nos.)	25,000	25,000
Nominal Value per Equity Share	(Rs.)	100	100
Basic & Diluted Earnings per Share	(Rs.)	60,918	73,212

27 EXPENDITURE IN FOREIGN EXCHANGE

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Foreign Travel	59,45,402	49,68,766
Fairs and Exhibitions	15,58,53,759	16,90,12,455
Others	2,96,996	46,277
	16,20,96,157	17,40,27,498

28 EARNINGS IN FOREIGN EXCHANGE

	For the year ended 31.03.2013 (Rs.)	For the year ended 31.03.2012 (Rs.)
Space Rent	14,11,04,004	10,11,25,847
Other Receipts	11,32,530	8,23,981
	14,22,36,534	10,19,49,828

29 SUBSIDIARY COMPANIES

(a) Karnataka Trade Promotion Organisation (KTPO) was promoted by ITPO in December, 2000 u/s 25 of the Companies Act 1956, in collaboration with Karnataka Industrial Area Development Board (KIADB), with an authorized share capital of Rs. 50,00,000 out of which the Company's share is 51%. In accordance with MOU with KIADB, ITPO contributed an exhibition hall to KTPO at a total cost of Rs. 17,93,76,950 against which the Department of Commerce provided a grant of Rs. 13,25,22,000 to ITPO.

The authorised share capital of KTPO was enhanced to Rs. 20,00,00,000 by their Board of Directors on 9.9.2004 and it was also decided that ITPO's contribution of the exhibition hall to the extent of Rs. 10,20,00,000 be treated as its capital contribution to KTPO. The amount of Rs. 7,73,76,950 spent on construction of exhibition hall , over and above Rs. 10,20,00,000, was to be treated as non-interest bearing subordinate debt to KTPO, to be refunded subject to annual review and cash flow situation of KTPO. Accounting entries as per the above were carried out in earlier years pending signing of revised MOU between the co-promoters. Further accounting entries, if any, shall be carried out as and when the revised MOU is signed/ subordinate debt is realised.

(b) Tamil Nadu Trade Promotion Organisation (TNTPO) was promoted by ITPO in November 2000 u/s 25 of the Companies Act, 1956, in collaboration with Tamil Nadu Industrial Development Corporation (TIDCO) with an Authorized Share Capital of Rs. 50,00,000 of which ITPO's share is 51%. The issued capital of TNTPO is Rs. 1,00,000, of which the Company has paid Rs. 51,000. In accordance with MOU with TIDCO, ITPO contributed an exhibition hall to TNTPO at a cost of Rs. 16,37,48,414 against which the Department of Commerce provided a grant of Rs. 12,06,39,141 to ITPO.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013 (CONTD.)

During the year 2002-03, the Co-promoter reviewed the treatment of land given to the TNTPO by the State Government and the hall constructed by ITPO. The Govt. of Tamil Nadu vide its G.O.Ms. No. 28 dated 03.02.2003 decided that lease rent of Rs. 1,00,00,000 per annum shall be paid by TNTPO towards land provided by TIDCO and 50% of the expenditure on construction of exhibition hall will be repaid by TNTPO to ITPO in 40 quarterly installments starting with effect from the financial year 2014. The terms and conditions of the G.O.Ms dated 03.02.2003 are yet to be accepted by the Company. Pending agreement to the revised terms and conditions, no accounting entries for the amounts proposed to be reimbursed by TNTPO have been made in the accounts of the Company.

30 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
(a) Contingent Liabilities		
-Claims against the Company not acknowledged as debts	164,84,29,943	111,53,63,938
(b) Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account (net of advances)	11,09,54,091	3,52,43,135

31 INCOME TAX MATTERS

The Director General of Income Tax (Exemptions) withdrew exemption granted to the Company u/s 10(23c)(iv) of the Income Tax Act, 1961 from the Assessment Years 2009-10 and onwards on the grounds that the company is engaged in activities of trade, commerce or business or rendering services in relation to trade, commerce or business as per the amended proviso of Section 2(15) of the Income Tax Act, 1961 effective from 1.4.2008, in spite of the Company retaining its basic character of a charitable organisation, having registrations u/s 25 of the Companies Act, 1956 and u/s 12A of the Income Tax Act, and functioning without any change since inception in its character of working as well as sources of income. Consequent to the said withdrawal, the Assessing Officer raised demands of Rs. 86,06,01,190 and Rs. 36,75,99,750 for the Assessment Years 2009-10 and 2010-11 respectively. As per the legal advice, the company has contested the withdrawal of exemption in a writ petition filed in the Hon'ble High Court of Delhi.

Against the demand of Rs. 86,06,01,190 for the AY 2009-10, TDS refunds amounting to Rs.33,53,25,710 have been adjusted by the Income Tax Department. Further, as per the directions of the Director of Income Tax (Exemptions), the company deposited Rs. 6,00,00,000 till 31.3.2013 and Rs. 3,49,00,000 in June, 2013, under protest. The recovery of the balance demand of Rs. 43,03,75,480 has been stayed by the Director of Income Tax (Exemptions) till 31st March, 2014 or decision of the Hon'ble High Court of Delhi whichever is earlier.

Against the demand of Rs. 36,75,99,750 for the Assessment Year 2010-11, the Director of Income Tax (Exemptions) directed the Company in June, 2013 to deposit Rs. 18,50,00,000 in 5 equal installments of Rs. 3,70,00,000 each every month starting from June, 2013 to October, 2013. The first installment was paid in June, 2013 under protest and the recovery of the balance demand of Rs. 33,05,99,750 has been stayed by the Hon'ble High Court of Delhi in the hearing held on 23rd July 2013.

As the matter is subjudice and the company is hopeful of a favourable decision, no provision for the demands of Rs. 86,06,01,190 and Rs. 36,75,99,750 have been made in the accounts. Likewise, no provision for the subsequent Assessment Years 2011-12, 2012-13 and 2013-14 have been made in the accounts. The adjustment of TDS refunds of Rs. 33,53,25,710 by the Income Tax Department and Rs.6,00,00,000 deposited by the Company till 31.3.2013 relating to the Assessment Year 2009-10 as given above, are reflected in the accounts as "Income Tax Recoverable".

In view of the circumstances explained above, no provision for deferred tax as per Accounting Standard-22, has been made in the accounts. The demands raised by the Income Tax Department, which are contested by the company, have been included in the Contingent Liability at Note No. 30(a).

32 SERVICE TAX MATTERS

Consequent to the audit conducted by the Service Tax Department in the year 2011-12 relating to the period 2006-07 to 2009-10, a demand-cum-show cause notice dated 29th March, 2012 was received by the company raising a demand of Rs 10,87,94,894 comprising Service-tax of Rs 10,64,27,051 and interest Rs 23,67,843 to the extent determined and penalties, if any, (amount not quantified). A further demand-cum-show cause notice dated 21st Sept., 2012 was also received relating to the period 2011-12 raising a demand of Rs. 42,77,135 excluding interest and penalties, if any, amount not quantified. The demands raised mainly relate to grants received by the company from the Government. In the opinion of the Company, the services on which demands have been raised, do not fall within the ambit of services liable for Service Tax. Accordingly, the demands have been contested by the Company with the Commissioner of Service Tax, Delhi and no provision for the same have been made in the accounts.

The demands raised by the Service Tax Department, which are contested by the company, have been included in the Contingent Liability at Note No. 30(a).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013 (CONTD.)

33 CONFIRMATION OF BALANCES

Certain amounts due to/from various parties are subject to confirmation, reconciliation and adjustments, if any.

34 DISCLOSURE AS PER AS-15 ON EMPLOYEES' BENEFITS

General description of various defined employee benefit schemes are as under:-

a. Provident Fund

The Company pays its contribution relating to the Provident Fund of its employees, at the prescribed rates to the Provident Fund Trust which invests the funds in permitted securities. The contribution for the year is recognized as expense and is charged to the statement of income and expenditure. The Company is also under obligation to make good the shortfall of the trust, if any, and recognises such shortfall as its expense.

The schemes at b & c below, are unfunded and recognized in the books of the Company on the basis of actuarial valuations. The summarized position of various defined benefits recognized in the statement of Income and Expenditure and Balance Sheet are as under:-

b. Leave

The Company provides for the encashment of Earned Leave (EL) and Half-Pay Leave (HPL) benefits to the employees of the Company which accrue annually at the rate of 30 days and 20 days respectively. While in service, EL is encashable subject to a maximum of 60 days once in a calendar year leaving minimum balance of 15 days. EL is also encashable subject to a maximum of 300 days on superannuation / death / resignation etc. HPL is encashable only on superannuation / death / resignation etc. upto a maximum of 300 days (150 days full pay) as per the Rules of the Company. An overall ceiling of encashment of EL and HPL for 300 days is prescribed by taking into account the maximum encashable HPL at 150 days full pay leave at the time of superannuation / death / resignation, etc.

i. Expenses recognized in the statement of Income and Expenditure

	2012-2013 (Rs.)	2011-2012 (Rs.)
Interest cost	1,32,51,338	1,32,25,979
Current service cost	74,87,772	71,40,156
Net actuarial (gain)/loss recognised in the period	48,11,727	41,44,855
Expenses recognised in the statement of Income and Expenditure	2,55,50,837	2,45,10,990

ii. The amount recognized in the Balance Sheet

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Present value of the obligation at end of the year	17,70,64,514	16,56,41,719
Net liability/(assets) recognised in Balance Sheet and related analysis	17,70,64,514	16,56,41,719
Funded Status	-17,70,64,514	-16,56,41,719

iii. Changes in the present value of the defined benefit obligations:

	2012-2013 (Rs.)	2011-2012 (Rs.)
Present value of the obligation at the beginning of the period	16,56,41,719	15,55,99,752
Interest cost	1,32,51,338	1,32,25,979
Current service cost	74,87,772	71,40,156

Benefits paid (if any)	-1,41,28,042	-1,44,69,023
Actuarial (gain)/loss	48,11,727	41,44,855
Present value of the obligation at the end of the year	17,70,64,514	16,56,41,719

iv. The assumptions employed for the calculations are tabulated

	As at 31.03.2013	As at 31.03.2012
Discount rate	8.00% per annum	8.50% per annum
Salary Growth Rate	5.00% per annum	5.00% per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Withdrawal rate (Per Annum)	2.00% per annum	2.00% per annum

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2013

c. Gratuity

The Company has a defined benefit gratuity scheme. Every employee who has rendered continuous service of 5 years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary + dearness allowance) for each completed year of service, subject to a maximum of Rs.1,000,000.

i. Expenses recognized in the statement of Income and Expenditure

	2012-2013 (Rs.)	2011-2012 (Rs.)
Interest cost	2,92,04,751	2,94,91,818
Current service cost	1,62,86,939	1,49,15,338
Net actuarial (gain)/loss recognised in the period	4,06,77,102	1,58,76,763
Expenses recognised in the statement of Income & Expenditure Account	8,61,68,792	6,02,83,919

ii. The amount recognized in the Balance Sheet

	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
Present value of the obligation at end of the year	40,41,15,083	36,50,59,386
Net liability/(assets) recognised in Balance Sheet and related analysis	40,41,15,083	36,50,59,386
Funded Status	-40,41,15,083	-36,50,59,386

iii. Changes in the present value of the defined benefit obligations:

	2012-2013 (Rs.)	2011-2012 (Rs.)
Present value of the obligation at the beginning of the period	36,50,59,386	34,69,62,568
Interest cost	2,92,04,751	2,94,91,818
Current service cost	1,62,86,939	1,49,15,338
Benefits paid (if any)	-4,71,13,095	-4,21,87,102
Actuarial (gain)/loss	4,06,77,102	1,58,76,764
Present value of the obligation at the end of the year	40,41,15,083	36,50,59,386

iv. The assumptions employed for the calculations are tabulated

	As at 31.03.2013	As at 31.03.2012
Discount rate	8.00% per annum	8.50% per annum
Salary Growth Rate	5.00% per annum	5.00% per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Withdrawal rate (Per Annum)	2.00% per annum	2.00% per annum

