

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.

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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, inspite 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

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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

