

## INDIA TRADE PROMOTION ORGANISATION

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

#### 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. 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 being 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, 2012 (CONTD.)**

**2.5 INVESTMENTS**

Current Investments are carried at the lower of the cost and 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 and 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 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**

	<b>As at 31.03.2012 (Rs.)</b>	<b>As at 31.03.2011 (Rs.)</b>
<b>Authorised</b>		
50,000 Equity Shares of Rs. 100 each	5,000,000	5,000,000
<b>Issued, Subscribed &amp; Fully paid-up</b>		
25,000 Equity Shares of Rs. 100 each fully paid up	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>

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

	<b>As at 31.03.2012</b>	
	<b>No. of shares</b>	<b>(Rs.)</b>
<b>Equity Shares:</b>		
At the beginning of the period	25,000	2,500,000
Issued during the year		
<b>Outstanding at the end of the period</b>	<b>25,000</b>	<b>2,500,000</b>

**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**

	<b>As at 31.03.2012</b>	
	<b>No. of shares</b>	<b>% age</b>
<b>Equity Shares of Rs. 100 each fully paid</b>		
Government of India	25,000	100



## 4 RESERVES AND SURPLUS

	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>Capital Reserves</b>		
(a) Capital Grant from Govt. of India (Fully Utilised)		
-Balance as per the last financial statement	629,083,618	629,083,618
-Additions during the Year	-	-
-Adjustments/deductions	-	-
<b>Closing Balance</b>	629,083,618	629,083,618
(b) Other Reserves #		
-Balance as per the last financial statement	7,121,985	7,121,985
-Additions during the Year	-	-
-Adjustments/deductions	-	-
<b>Closing Balance</b>	7,121,985	7,121,985
<b>Surplus/ deficit as per Income and Expenditure Account</b>		
Balance as per the last financial statement	7,137,194,912	6,428,448,604
Add: Surplus for the year	1,830,310,786	708,746,308
<b>Closing Balance</b>	8,967,505,698	7,137,194,912
	<b>9,603,711,301</b>	<b>7,773,400,515</b>

# 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 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>Others</b>		
Income Received in Advance	50,108,519	15,539,719
	<b>50,108,519</b>	<b>15,539,719</b>

## 6 LONG TERM PROVISIONS

	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>Provision for Employees' Benefits (Refer Note 32 )</b>		
-Gratuity	331,180,791	299,856,668
-Leave Enchashment	150,933,763	120,705,360
	<b>482,114,554</b>	<b>420,562,028</b>

## 7 TRADE PAYABLES

	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
<b>Trade Payables #</b>		
	155,477,483	548,933,507
	<b>155,477,483</b>	<b>548,933,507</b>

## # DUES TO MICRO, SMALL &amp; MEDIUM ENTERPRISES

There are no Micro, Small & Medium Enterprises to whom the Company owes dues as at 31st March 2012. 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, 2012 (CONTD.)

8 OTHER CURRENT LIABILITIES

	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
Income Received in Advance	190,344,000	186,021,852
Security Deposits	30,778,645	48,331,499
Advance Payments and Deposits	192,284,721	228,359,908
Employees' Benefits Payable	66,980,875	70,538,285
Statutory Dues	49,575,267	38,870,792
Other Payables	54,340,841	6,588,900
	<b>584,304,349</b>	<b>578,711,236</b>

9 SHORT TERM PROVISIONS

	As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
(a) Provision for Employees' Benefits		
-Gratuity (Refer Note 32 )	33,878,595	47,105,900
-Leave Encashment (Refer Note 32 )	14,707,956	34,894,392
-Performance Related Pay #	198,993,046	104,000,000
-Revision of Pay Scales	-	1,359,019
(b) Others		
-Refund of Contingency Charges	23,857,480	27,806,479
	<b>271,437,077</b>	<b>215,165,790</b>

# The provision has been made in accordance with the guidelines of the Department of Public Enterprises on the subject. Pending formulation and approval of the PRP scheme, ad-hoc payments amounting to Rs.7,75,45,924 (previous year Rs 5,18,49,799) were released to the employees till 31.3.2012 under the scheme as "interest free advances" on the undertaking that the amount paid would be recovered or adjusted as per the decision on the subject.

