

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



**आईटीआई लिमिटेड**

पंजीकृत एवं निगमित कार्यालय  
आईटीआई भवन, दूरवाणीनगर,  
बेंगलूरु - 560 016 भारत  
फोन : +91 (80) 2561 4466  
फैक्स : +91 (80) 2561 7525  
वेबसाइट : www.itild-india.com  
सी आई एन : L32202KA1950GoI000640

**ITI LIMITED**

Registered & Corporate Office  
ITI Bhavan, Dooravaninagar,  
Bengaluru - 560 016, India  
Phone : +91 (80) 2561 4466  
Fax : +91 (80) 2561 7525  
Website : www.itild-india.com  
CIN : L32202KA1950GoI000640

Ref: K/NSE & BSE/ 2016

Date: 01.10.2016

The Secretary

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001

The Manager

National Stock Exchange of India Limited

Exchange Plaza,

Bandra Kurla Complex

Bandra (E)

Mumbai - 400 051

Sir,

Sub: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the cited regulation, please find enclosed herewith the 66<sup>th</sup> Annual report of the

Company for the year 2015-16 duly approved by the shareholders in the Annual General

Meeting held on 21-09 -2016.

Thanking you,

Yours faithfully

For ITI LIMITED

(S. Shanmuga Priya)

Company Secretary

## ANNUAL REPORT 2015-2016

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## BOARD OF DIRECTORS\*

### **Shri P. K. Gupta**

Director-Marketing /  
Additional charge Chairman and  
Managing Director

### **Shri S. Gopu**

Director-Human Resources

### **Dr Janaki Ananthakrishnan**

Director-Finance

### **Shri K. Alagesan**

Director-Production

### **Shri R. M. Agarwal**

Deputy Director General (SU)  
Dept. of Telecommunications

### **Lt. Gen. Nitin Kohli, VSM**

Signal Officer-in-Chief

### **Shri Saday Krishna Kanoria**

Independent Director

\*As on 11.08.2016

## COMPANY SECRETARY

**Mrs. S. Shanmuga Priya**

## LEGAL ADVISERS

**M/s. Holla & Holla, Advocates**

Bangalore & others

## STATUTORY AUDITOR

**M/s. Sundar Srini & Sridhar, Bangalore**

## BRANCH AUDITORS

**M/s. Neeraj Prakash & Associates, Allahabad UP**

**M/s. Sri Prakash & Co., Gorakhpur UP**

**M/s. Mahadevan & Sivarajan, Palakkad**

**M/s. Rajesh Srivastava & Associates, Rae Bareli**

**M/s. S D M & Co, Srinagar**

**COST AUDITORS****M/s GNV Associates**, Bangalore**M/s Aman Malviya & Associates**, Lucknow**SECRETARIAL AUDITOR****Shri D Venkateswarlu**, Bangalore**BANKERS**

State Bank of India

State Bank of Patiala

State Bank of Bikaner &amp; Jaipur

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

Bank of Baroda

Central Bank of India

Punjab National Bank

Development Credit Bank Limited

Indus Ind Bank Limited

Axis Bank Limited

Vijaya Bank

Indian Bank

Canara Bank

**MANAGEMENT:****CORPORATE OFFICE****Shri P.K. Gupta**

Director-Marketing / Additional charge Chairman  
and Managing Director (from 01.11.2015)

**Shri S.Gopu**

Director-Human Resources

**Dr. Janaki Ananthakrishnan**

Director-Finance

**Shri K. Alagesan**

Director-Production

**Shri A. Gnanasekaran**

Chief Vigilance Officer

**Shri V.K. Sharma**

Chief Manager-IA

**Mrs S. Shanmuga Priya**

Company Secretary

**PLANTS / UNITS / PROJECTS**

Bangalore Plant

**Shri J. Premchand,**

Additional General Manager

Srinagar Plant

**Shri A.K. Agarwal**

Additional General Manager

Naini Plant

**Shri Pradeep Pande**

General Manager

Rae Bareli Plant

**Shri R. Krishna Prasad**

Additional General Manager

Palakkad Plant

**Shri T.N.S. Raghavan**

Additional General Manager

Mankapur Plant

**Shri A.K.Bajoria**

Deputy General Manager

Network Systems Unit

**Shri S.S.Chakrabarti**

General Manager

Research & Development

**Shri L. Chinna Reddeppa Chetty**

Additional General Manager

Corporate Marketing

**Dr. Joyti Kaul**

Additional General Manager

Business Co-ordination Office,  
New Delhi

**Shri S.C.Yadava,**

Deputy General Manager

## NOTICE

NOTICE is hereby given that the Sixty Sixth (66th) Annual General Meeting of ITI Limited will be held on Wednesday, 21st September, 2016 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore -560 042 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and approve the Audited Financial Statements for the year ended 31.03.2016 and the Reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri S.Gopu (DIN: 06896926), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr Janaki Ananthakrishnan (DIN: 07247256), who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

“RESOLVED to authorize the Board of Directors of ITI Limited to fix the remuneration, including reimbursement of travelling allowance and out of pocket expenses of Statutory and Branch Auditors of the Company as appointed by Comptroller and Auditor General of India for the financial year 2016-2017”.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri Saday Krishna Kanoria (DIN: 00623266), be and is hereby appointed as Independent Director of the Company with effect from 24.11.2015 on the terms and conditions as stipulated by the Government of India.”

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri K Alagesan (DIN: 07439659), be and is hereby appointed as Director – Production of the Company with effect from 29.01.2016 on the terms and conditions as stipulated by the Government of India.”

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri R M Agarwal (DIN: 07333145), be and is hereby appointed as Government Nominee Director of the Company with effect from 08.06.2016 on the terms and conditions as stipulated by the Government of India.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made there under the remuneration of ₹ 3.10 lakhs (plus applicable taxes) fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2016-17 be and is hereby ratified”.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar  
Bangalore-560 016

By Order of the Board  
For **ITI LIMITED**

Place: Bangalore  
Date : 11th August 2016

**(S. SHANMUGA PRIYA)**  
COMPANY SECRETARY

**NOTES:**

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 13th September, 2016 to 21st September, 2016, both days inclusive for the purpose of the AGM.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as a proxy on behalf of not exceeding fifty (50) Members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.

The instrument appointing a proxy should be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A proxy form for the AGM is enclosed.

3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting, together with their specimen signatures.
4. Members are requested to bring their attendance slips duly mentioning details of their DP ID and Client ID/ Folio No and signed.
5. In case of joint holders attending the Meeting, only such joint holder who is first / earlier in the order of names will be entitled to vote at the Meeting.
6. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the

Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
8. Members are requested to advise the Share Transfer Agents, M/s. Integrated Enterprise (India) Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 and their respective Depository Participants immediately of any change in their address.
9. Members may visit the website of the Company [www.itilttd-india.com](http://www.itilttd-india.com) for more information on the Company.
10. Members requiring information on the Accounts are requested to write to the Company at least fifteen days before the date of the Meeting so that the required information could be kept ready.
11. Pursuant to provisions of the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief resume/profile of the Directors eligible for appointment /re-appointment vide Item Nos.2, 3, 5, 6, 7 are attached hereto as Annexure-A.
12. The relevant statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the meeting is annexed hereto and forms part of the notice.
13. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations

- and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are appended to this Notice as Annexure-B.
14. The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative in Corporate Governance and allowed companies to send documents to shareholders through electronic mode. Therefore, Members are requested to support this initiative by registering /updating their email addresses by sending a written request duly signed by the shareholder to the Share Transfer Agent at the earliest.
15. Members/their Proxies/Representatives are requested to note:-
- To bring their copies of Annual report to AGM
  - That no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
  - That no gifts will be distributed at the venue of the AGM
- Regd. & Corporate Office      By Order of the Board  
ITI Bhavan, Doorvaninagar      For **ITI LIMITED**  
Bangalore-560 016
- Place: Bangalore      **(S. SHANMUGA PRIYA)**  
Date: 11th August 2016      COMPANY SECRETARY

### **Explanatory statement as required under Section 102 of the Companies Act, 2013**

#### **Item No.5 to 7**

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Part-time Non Official Independent Directors, Whole time Directors and Government Nominee Directors of the Company from time to time and also shall determine the terms of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected during the year as per the directives of the President of India:

#### ► **Shri Saday Krishna Kanoria**

The Ministry of Communications & IT vide order No. F.No.14-1/2013-PSA dated 24.11.2015 has conveyed the approval for the appointment of Shri Saday Krishna Kanoria (Din : 00623266) as Non Official Independent Director for a period of three years w.e.f date of appointment or until further orders whichever is earlier.

Shri Saday Krishna Kanoria was inducted into the Board as an Additional Director w.e.f 24.11.2015 and in terms of Section 161 of the Companies Act 2013, Shri Saday Krishna Kanoria holds office upto the date of the ensuing Annual General Meeting. Shri Saday Krishna Kanoria, in the opinion of the Board, fulfils the conditions specified in the Companies Act for appointment as an Independent Director.

#### ► **Shri K Alagesan**

Shri K Alagesan (DIN: 07439659), was appointed as Director - Production vide Ministry of Communications & IT order no F.No.14-5/2014-PSA dated 28.01.2016. Shri K Alagesan took charge on 29.01.2016.

#### ► **Shri R M Agarwal**

Shri R M Agarwal (DIN: 07333145), DDG(SU), Department of Telecommunications, was appointed as Government Director vide Ministry of Communications & IT order no F.No.5-1/2016-PSA dated 08.06.2016, in the place of Shri Srikanta Panda, DDG( LF-I), Department of Telecommunications as per the directives of President of India.



In terms of Section 152 of the Companies Act, 2013, every Director shall be appointed by the Company in general meeting. Accordingly necessary resolutions have been proposed in item 5, 6, 7 of the notice of Annual General Meeting.

Notice has been received under section 160 of the Companies Act, 2013 from members signifying their intention to propose the appointment of Shri Saday Krishna Kanoria, Shri K Alagesan and Shri R M Agarwal as Directors of the Company at the ensuing Annual General Meeting.

A brief profile of Shri Saday Krishna Kanoria, Shri K Alagesan and Shri R M Agarwal are provided in Annexure A of this Notice.

Shri Saday Krishna Kanoria, Shri K Alagesan and Shri R M Agarwal are deemed to be interested in the proposed resolution to the extent of their appointment as Directors.

None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

Your directors commend the resolutions as proposed in the notice for approval.

#### Item No.8

Rule 14 of the Companies (Audit and Auditors) Rules, 2014 requires ratification of the shareholders for the remuneration fixed for the Cost Auditor of the Company appointed under Section 148(3) of the Companies Act, 2013.

Accordingly, necessary resolution seeking ratification for fixation of remuneration to the Cost Auditor appointed for the year 2016-17 is placed before the member for their approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is interested in the resolution.

Your directors commend the resolution as proposed in the notice for approval.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar  
Bangalore-560 016

By Order of the Board  
For **ITI LIMITED**

Place: Bangalore

**(S. Shanmuga Priya)**

Date: 11th August 2016

COMPANY SECRETARY

#### Annexure A to item no. 2, 3, 5, 6, 7 of the notice

##### Brief resume of directors proposed for Re-appointment (Item No. 2, 3 of the notice):

Shri S.Gopu (DIN: 06896926) aged 58 years, is a Graduate in Chemical Engineering with Post Graduate diploma in Operations Research. Shri S.Gopu joined the Company in 1982 and has executed several projects for UNIDO (United Nations Industrial Development Organisation) and UNDP and also NPR, SECC, etc. He assumed charge as Director-HR on 16.04.2014 and prior to becoming Director –HR, he was Unit head of Bangalore plant in ITI. Shri S.Gopu is a member of Board of India Satcom Limited. Shri S Gopu is the Chairman of Corporate Social Responsibility Committee of ITI. Shri S Gopu is not related to any of the Directors of the Company and does not hold any shares in the Company.

Dr Janaki Ananthakrishnan (Din: 07247256) aged 56 years, holds graduation in M.B.B.S, P.G Diploma in Public Policy & Management and belongs to the 1991 batch of the Indian Posts and Telecom Accounts and Finance Service. Dr Janaki Ananthakrishnan took charge as Director Finance on 13.07.2015. Prior to becoming Director –Finance, she has served as Finance Advisor in the Departments of Telecom and Posts at Tamil Nadu, Karnataka and Delhi. Dr Janaki Ananthakrishnan is a member of Board of India Satcom Limited. Dr Janaki Ananthakrishnan is member of Corporate Social Responsibility Committee, Audit Committee and Stakeholders Relationship Committee of ITI. Dr Janaki Ananthakrishnan is not related to any of the Directors of the Company and does not hold any shares in the Company.

**Brief resume of directors proposed for appointment (Item No. 5, 6, 7 of the notice):**

Shri Saday Krishna Kanoria (DIN: 00623266), aged 46 years, holds degree in B.Com. (Hons.) and Diploma in Computer operation. He is Director of Utkarsh Sfatik Limited (an associate of Ambuja Neotia Ltd), Manav Constructions Private Limited, Manav Developers Private Limited & Patna Golf Club. He is Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and also member of Corporate Social Responsibility Committee of ITI. Shri Saday Krishna Kanoria is not related to any of the Directors of the Company and does not hold any shares in the Company.

Shri K. Alagesan (DIN: 07439659), aged 56 years holds graduation in Production Engineering from REC Trichy and holds diploma in Management, Advanced Management and Human Resource Management from IGNOU. He has undergone three months residential training programme at IIM, Bangalore on General Management. Shri K Alagesan assumed charge as Director Production on 29.01.2016 and prior to becoming Director –Production, he was Unit head of Rae Bareli plant in ITI. Shri K Alagesan was closely associated in Defence Projects i.e. ASCON Phase I, II, III, and DCN (Defence Communication Network) Project, Manufacturing and Supply of Secrecy Equipment ranging from 16 Kbps to STM IV level. Shri K Alagesan is not related to any of the Directors of the Company and does not hold any shares in the Company.

Shri R.M. Agarwal (DIN: 07333145), aged 52 years. Shri R.M. Agarwal, DDG(SU) is an Indian Telecommunication Services officer of the 1986 batch. He has a rich experience of more than 28 years in policy formulation, standardization planning, operation & maintenance of telecom services. He is presently responsible for coordinating, facilitating

and monitoring the performance of PSUs under DoT viz. ITI, TCIL, HPIL, and residual works of Tata Communications Limited (formerly VSNL) and HTL. He also conceptualized and formulated the 'National Telecom M2M Roadmap' He also brought out the 'National IPv6 Deployment Roadmap v2' in March, 2013 for time bound IPv6 implementation by all stakeholders in the country. In addition he also brought out a 'Compendium on IPv6 Based Solutions/ Architecture/ Case Studies for Different Industry Verticals' which may serve as a reference document for value addition in different sectors of the economy. He has been designated as the Central Coordinating Officer from the Department of Telecommunications, Government of India, to coordinate with Government and Industry for IPv6 transition in the country. Shri R M Agarwal is a member of Board of Millennium Telecom Limited and member of Audit Committee, Nomination and Remuneration Committee and Stakeholders relationship Committee of ITI. Shri R M Agarwal is not related to any of the Directors of the Company and does not hold any shares in the Company.

## ANNEXURE B – INSTRUCTIONS FOR E-VOTING

The instructions for e-voting electronically are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

**(vii) If you are a first time user follow the steps given below:**

|     | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul> |

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DOB                   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.                                                                                                                                                                                                                                                                                      |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</li> </ul> |

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### **In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 17.09.2016 at 10.00 AM and ends on 20.09.2016 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14.09.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (D) Shri D Venkateswarlu, Practising Company Secretary, Bangalore, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (E) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (F) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website [www.italtd-india.com](http://www.italtd-india.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar  
Bangalore-560 016

By Order of the Board  
For **ITI LIMITED**

Place: Bangalore  
Date: 11th August 2016

**(S. Shanmuga Priya)**  
COMPANY SECRETARY

## TEN YEAR DIGEST

₹ in Crores

| OPERATING RESULTS                                                         | 2015-16 | 2014-15 | 2013-14 | 2012-13* | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---------------------------------------------------------------------------|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|
| Sales including services                                                  | 1253    | 620     | 770     | 921      | 993     | 2139    | 4660    | 1741    | 1210    | 1818    |
| Accretion/(Decretion) to Stock                                            | 0       | (2)     | (2)     | (11)     | 3       | (87)    | (30)    | 21      | (4)     | (21)    |
| Value of Production                                                       | 1253    | 618     | 768     | 910      | 996     | 2052    | 4630    | 1762    | 1206    | 1797    |
| Other Income                                                              | 486     | 86      | 40      | 33       | 34      | 78      | 376     | 176     | 426     | 173     |
| Direct Materials                                                          | 670     | 185     | 137     | 235      | 315     | 1662    | 4210    | 1476    | 884     | 1391    |
| Charges on Installation & Maintenance                                     | 318     | 214     | 382     | 409      | 422     | 190     | 47      | 75      | 61      | 78      |
| Employees Cost                                                            | 315     | 321     | 337     | 393      | 402     | 389     | 558     | 401     | 383     | 365     |
| Depreciation                                                              | 13      | 15      | 17      | 18       | 21      | 22      | 24      | 27      | 29      | 38      |
| Financing Expenses                                                        | 157     | 157     | 122     | 85       | 85      | 80      | 119     | 292     | 281     | 223     |
| Other Expenses less Charges on Installation & Maintenance                 | 124     | 110     | 159     | 163      | 154     | 148     | 479     | 313     | 290     | 239     |
| Profit                                                                    | 142     | (298)   | (346)   | (360)    | (369)   | (361)   | (431)   | (646)   | (296)   | (364)   |
| Prior Period Adjustments                                                  | (3)     | 1       | 2       | 48       | (1)     | 3       | (28)    | (22)    | (61)    | (40)    |
| Extraordinary Items                                                       | 112     | 0       | 0       | 130      | -       | -       | -       | -       | -       | -       |
| Profit Before Tax                                                         | 251     | (297)   | (344)   | (182)    | (370)   | (358)   | (459)   | (668)   | (357)   | (404)   |
| Provision for Tax / Deferred Tax/FRB                                      | -       | -       | -       | -        | -       | -       | -       | -       | 1       | 1       |
| Add: Provision for tax of earlier years no longer required                | -       | -       | -       | -        | -       | -       | -       | -       | -       | -       |
| Profit after Tax                                                          | 251     | (297)   | (344)   | (182)    | (370)   | (358)   | (459)   | (668)   | (358)   | (405)   |
| Dividend                                                                  | -       | -       | -       | -        | -       | -       | -       | -       | -       | -       |
| FINANCIAL POSITION                                                        | 2015-16 | 2014-15 | 2013-14 | 2012-13  | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
| Equity                                                                    | 288     | 288     | 288     | 288      | 288     | 288     | 288     | 288     | 288     | 288     |
| Preference Shares                                                         | 300     | 300     | 300     | 300      | 300     | 300     | 300     | 300     | 300     | 300     |
| Preference Shares - Application                                           | 0       | 0       | 0       | 0        | 0       | 0       | 0       | 0       | 0       | 0       |
| Money Received Pending Allotment                                          | 192     | 192     | 0       | 0        | 0       | 0       | 0       | 0       | 0       | 0       |
| Reserves & Surplus                                                        | 2758    | 2735    | 2718    | 2709     | 2700    | 2701    | 2527    | 73      | 64      | 64      |
| Revaluation Reserves                                                      | 2354    | 2360    | 2374    | 2390     | 2406    | 2424    | 2448    | 2473    | 2499    | 2527    |
| Miscellaneous expenditure not written off                                 | 0       | 0       | 0       | 0        | 0       | 0       | 0       | 0       | 0       | 0       |
| Profit and Loss Account-(Debit)                                           | 4915    | 5166    | 4869    | 4527     | 4345    | 3975    | 3622    | 3219    | 2551    | 2192    |
| Net Worth Funds with Revaluation Reserve                                  | 785     | 713     | 819     | 1172     | 1413    | 1807    | 2016    | (4)     | 686     | 1078    |
| Net Worth without considering DRE not written off and Revaluation Reserve | (1569)  | (1647)  | (1555)  | (1218)   | (993)   | (617)   | (432)   | (2477)  | (1813)  | (1449)  |
| Grant-in-aid                                                              | 0       | 4       | 8       | 12       | 64      | 69      | 75      | 81      | 86      | 91      |
| Bonds                                                                     | 0       | 0       | 0       | 2        | 2       | 2       | 7       | 456     | 442     | 416     |
| Other borrowings and deferred credit                                      | 839     | 921     | 876     | 606      | 483     | 341     | 271     | 1688    | 1789    | 1326    |
| Gross Block                                                               | 3737    | 3690    | 3696    | 3695     | 3691    | 3684    | 3681    | 3679    | 3657    | 3644    |
| Depreciation                                                              | 1279    | 1267    | 1243    | 1210     | 1175    | 1137    | 1089    | 1040    | 987     | 933     |
| Net Block                                                                 | 2458    | 2423    | 2453    | 2485     | 2516    | 2547    | 2592    | 2639    | 2670    | 2711    |
| Capital work-in-progress                                                  | 92      | 33      | 21      | 1        | 2       | 7       | 1       | 2       | 1       | 2       |
| Assets, Loans and Advances (Current & Non-Current):                       |         |         |         |          |         |         |         |         |         |         |
| Inventory                                                                 | 104     | 93      | 96      | 105      | 113     | 118     | 284     | 403     | 371     | 425     |
| Debtors                                                                   | 2764    | 2219    | 2152    | 4067     | 4268    | 4979    | 4921    | 2268    | 1825    | 1708    |
| Others                                                                    | 416     | 572     | 366     | 348      | 333     | 409     | 631     | 350     | 354     | 398     |
| Total                                                                     | 3284    | 2884    | 2614    | 4520     | 4714    | 5506    | 5836    | 3021    | 2550    | 2531    |

Turnover and Value of production for the year 2015-16, 2014-15, 2013-14, 2012-13 & 2011-12 are inclusive of Excise duty & Service tax while for rest of the years, they include Excise duty only.

\*Some of the figures in 2012-13 have been regrouped as per revised schedule III.

**TEN YEAR DIGEST (Contd...)**

₹ in Crores

| FINANCIAL POSITION                                  | 2015-16      | 2014-15      | 2013-14     | 2012-13     | 2011-12     | 2010-11     | 2009-10     | 2008-09     | 2007-08     | 2006-07     |
|-----------------------------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Liabilities and Provisions (Current & Non-Current)  | 3719         | 3406         | 3393        | 5227        | 5335        | 5911        | 6136        | 3523        | 2305        | 2425        |
| Working Capital                                     | (1998)       | (1311)       | (1501)      | (1259)      | (621)       | (405)       | (300)       | (502)       | 245         | 106         |
| Capital Employed (Net Fixed Assets+Working Capital) | 460          | 1112         | 952         | 1226        | 1895        | 2142        | 2292        | 2137        | 2915        | 2817        |
| Sources of Funds:                                   |              |              |             |             |             |             |             |             |             |             |
| Shareholders' Fund                                  | 785          | 713          | 819         | 1172        | 1413        | 1807        | 2016        | (4)         | 686         | 1078        |
| Borrowings                                          | 1139         | 1223         | 876         | 608         | 485         | 343         | 278         | 2144        | 2231        | 1742        |
| Net Non-Current Liabilities                         | (725)        | 131          | 155         | 57          | -           | -           | -           | -           | -           | -           |
| Deferred Tax                                        | -            | -            | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total</b>                                        | <b>1,199</b> | <b>2,067</b> | <b>1850</b> | <b>1837</b> | <b>1898</b> | <b>2150</b> | <b>2294</b> | <b>2140</b> | <b>2917</b> | <b>2820</b> |
| Application of Funds:                               |              |              |             |             |             |             |             |             |             |             |
| Net Fixed Assets                                    | 2458         | 2423         | 2453        | 2485        | 2516        | 2547        | 2592        | 2639        | 2670        | 2711        |
| Working Capital (Other than Cash Credit)            | (1159)       | (390)        | (625)       | (650)       | (621)       | (405)       | (300)       | (502)       | 245         | 106         |
| Capital Work in progress                            | 92           | 33           | 21          | 1           | 2           | 7           | 1           | 2           | 1           | 2           |
| Investments                                         | 1            | 1            | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Total</b>                                        | <b>1392</b>  | <b>2067</b>  | <b>1850</b> | <b>1837</b> | <b>1898</b> | <b>2150</b> | <b>2294</b> | <b>2140</b> | <b>2917</b> | <b>2820</b> |

| FINANCIAL RATIOS                                                                           | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|--------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Working Capital Ratios:                                                                    |         |         |         |         |         |         |         |         |         |         |
| Current Ratio                                                                              | 0.53:1  | 0.66:1  | 0.62:1  | 0.75:1  | 0.88:1  | 0.93:1  | 0.95:1  | 0.86:1  | 1.11:1  | 1.04:1  |
| Working Capital in no. of months of value of Production                                    | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | 2.44    | 0.71    |
| Inventory in no. of months of value of Production                                          | 1.00    | 1.81    | 1.50    | 1.38    | 1.36    | 0.69    | 0.74    | 2.74    | 3.69    | 2.84    |
| Debtors(Net of Advances) in in terms of months sales and services                          | 18.47   | 38.76   | 30.22   | 30.18   | 30.89   | 18.12   | 8.50    | 7.21    | 12.84   | 7.80    |
| Working capital to total Assets (%)                                                        | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | 8.40    | 3.76    |
| Cost of Direct Material to value of Production incl. Excise Duty (%)                       | 53.47   | 29.94   | 17.84   | 25.82   | 31.63   | 80.99   | 90.93   | 83.77   | 73.30   | 77.41   |
| Cost of Direct Material and changes on insttn to value of production incl. Excise Duty (%) | 78.85   | 64.56   | 67.58   | 70.77   | 74.00   | 90.25   | 91.94   | 88.02   | 78.36   | 81.75   |
| Growth Ratios:                                                                             |         |         |         |         |         |         |         |         |         |         |
| Annual growth in value of Production (%)                                                   | 102.75  | (19.53) | (15.60) | (8.63)  | (51.46) | (55.68) | 162.77  | 46.10   | (32.89) | 11.82   |
| Annual growth in Gross Block excluding Revaluation Reserve (%)                             | 3.53    | (0.58)  | 0.10    | 0.39    | 0.68    | 0.29    | 0.20    | 2.19    | 1.31    | 1.33    |



**TEN YEAR DIGEST (Contd...)**

₹ in Crores

| OTHER STATISTICS                     | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Turnover composition:                |         |         |         |         |         |         |         |         |         |         |
| To BSNL/MTNL                         | 592     | 239     | 260     | 181     | 206     | 1963    | 4298    | 1507    | 806     | 1525    |
| Others                               | 661     | 381     | 510     | 740     | 787     | 176     | 362     | 234     | 404     | 293     |
| Total                                | 1253    | 620     | 770     | 921     | 993     | 2139    | 4660    | 1741    | 1210    | 1818    |
| Value added                          | 177     | 153     | 164     | 166     | 164     | 328     | 335     | 222     | 242     | 328     |
| No. of Employees as on 31st March    | 5229    | 6177    | 7311    | 8516    | 9512    | 10616   | 11737   | 12556   | 13045   | 13415   |
| Value Added per Employee (₹)         | 310363  | 226868  | 207241  | 184158  | 162957  | 293473  | 275800  | 173431  | 182918  | 237063  |
| Value of Production per Employee (₹) | 2197089 | 916370  | 970493  | 1009541 | 989666  | 1835995 | 3811798 | 1376509 | 911565  | 1298786 |

[Figures in brackets indicate negative figures]

## FIGURES AT A GLANCE

₹ in Crores

| Balance Sheet                          | As at 31st March 2016 | As at 31st March 2015 |
|----------------------------------------|-----------------------|-----------------------|
| <b>(a) What the Company owned</b>      |                       |                       |
| Fixed Assets                           | 3737                  | 3690                  |
| Less: Depreciation                     | 1279                  | 1267                  |
| Net Block                              | 2,458                 | 2,423                 |
| Capital Work-in-Progress               | 92                    | 33                    |
| Investments                            | 1                     | 1                     |
| Current Assets, Loans & Advances       | 2233                  | 2503                  |
| Less: Current Liabilities              | 4231                  | 3814                  |
|                                        | -1,998                | -1,311                |
| Add: Non - Current Assets              | 1050                  | 380                   |
|                                        | 1,603                 | 1,526                 |
| <b>(b) Less: What the Company owed</b> |                       |                       |
| Non - Current Liabilities              | 818                   | 813                   |
| <b>(c) Shareholders' Funds [a]-[b]</b> |                       |                       |
|                                        | 785                   | 713                   |
| Represented by:                        |                       |                       |
| Share Capital                          | 588                   | 588                   |
| Reserves & Surplus                     | 2758                  | 2927                  |
| Revaluation Reserve                    | 2354                  | 2360                  |
| Grant-in-aid                           | 0                     | 4                     |
| Less: Profit and Loss Account (Debit)  | 4915                  | 5166                  |
|                                        | 197                   | 125                   |
|                                        | 785                   | 713                   |



## FIGURES AT A GLANCE (Contd...)

₹ in Crores

| PROFIT AND LOSS ACCOUNT                                                               | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
|---------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>(a) What the Company earned</b>                                                    |                                       |                                       |
| Sales including services(including excise duty and service tax)                       | 1,253                                 | 620                                   |
| Other Income                                                                          | 486                                   | 86                                    |
| Increase/(Decrease) in Work-in-Process,<br>Stock-in-Trade and Manufactured Components | 0                                     | (2)                                   |
|                                                                                       | <u>1739</u>                           | <u>704</u>                            |
| <b>(b) What the Company incurred</b>                                                  |                                       |                                       |
| Materials                                                                             | 988                                   | 399                                   |
| Employees Cost                                                                        | 315                                   | 321                                   |
| Depreciation                                                                          | 13                                    | 15                                    |
| Financing Expenses                                                                    | 157                                   | 157                                   |
| Other Expenses(including excise duty and service tax)                                 | 124                                   | 110                                   |
|                                                                                       | <u>1597</u>                           | <u>1002</u>                           |
| <b>(c) Profit (a-b)</b>                                                               | 142                                   | (298)                                 |
| <b>(d) Prior Period Adjustments</b>                                                   | (3)                                   | 1                                     |
| <b>(e) Profit before extraordinary items and tax</b>                                  | 139                                   | (297)                                 |
| <b>(f) Extraordinary items</b>                                                        | 112                                   | 0                                     |
| <b>(g) Profit before tax</b>                                                          | 251                                   | (297)                                 |
| <b>(h) Less: Provision for Taxation</b>                                               | 0                                     | 0                                     |
| <b>(i) Profit after tax</b>                                                           | <u>251</u>                            | <u>(297)</u>                          |

**FIGURES AT A GLANCE (Contd...)**

₹ in Crores

| <b>SOURCES AND APPLICATION OF FUNDS</b> | <b>For the year ended<br/>31st March 2016</b> | <b>For the year ended<br/>31st March 2015</b> |
|-----------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>SOURCES OF FUNDS</b>                 |                                               |                                               |
| 1. Depreciation                         | 13                                            | 15                                            |
| 2. Increase in Borrowings               | 0                                             | 346                                           |
| 3. Reduction in Working Capital         | 769                                           | 0                                             |
| 4. Revenue Grant in aid received        | 494                                           | 0                                             |
| 5. Capital Grant in aid received        | 18                                            | 21                                            |
| 6. Increase in Non-Current Liabilities  | 0                                             | 146                                           |
|                                         | <b>1294</b>                                   | <b>717</b>                                    |
| <b>APPLICATION OF FUNDS</b>             |                                               |                                               |
| 1. Loss After Tax                       | 243                                           | 297                                           |
| 2. Decrease in Borrowings               | 82                                            | 0                                             |
| 3. Increase in working Capital          | 0                                             | 233                                           |
| 4. Fixed Assets                         | 107                                           | 13                                            |
| 5. Capital Grant-in-aid utilised        | 4                                             | 4                                             |
| 6. Revenue Grant-in-aid utilised        | 0                                             | 0                                             |
| 7. Decrease in Non-Current Liabilities  | 187                                           | 0                                             |
| 8. Increase in Non-Current Assets       | 671                                           | 170                                           |
|                                         | <b>1294</b>                                   | <b>717</b>                                    |

**Note:**

Loss of ₹ 243 crores is without Grant In Aid.of ₹ 494 crores

## BOARD OF DIRECTOR'S REPORT

To

### The Members

ITI Limited

Your Directors have pleasure in presenting the 66th Annual Report of the Company together with Audited Accounts and Auditor's Report thereon for the year ended 31st March 2016.

### PERFORMANCE:

The Company has achieved Sales of ₹1253.34 Crore comprising of Services of ₹ 563.76 Crore and Production of ₹ 689.58 Crore during the year 2015-16 against Sales of ₹ 619.81 Crore comprising of Services of ₹ 414.99 Crore and Production of ₹ 204.82 Crore during the previous year 2014-15. The Company could achieve this turnover in spite of the fact that our major customers BSNL and MTNL have not placed orders like earlier years. The net profit of the Company for the year 2015-16 is ₹ 251 Crore against the loss figure of ₹ 297 Crore for the year 2014-15, which however, was after considering a grant of ₹ 494 Crore by the Government.

After a continuous loss for the last 14 years, your Company has achieved its first turnaround profit of ₹ 251 Crore taking into account the grant in aid received from the Government of India for revival.

The contribution (net of material cost) for the year is ₹ 201 crore, which is comparable for that of previous year at ₹ 172 crore.

### IMPLEMENTATION OF REVIVAL PACKAGE:

The Cabinet Committee on Economic Affairs (CCEA), during February 2014, has approved a Revival plan for ITI with a funding support of ₹ 4156.79 Crores. This package consists of ₹ 2264 Crores as equity for capital expenditure for up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects and ₹1892.79 Crores as grant-in-aid to clear part of liabilities. Out of ₹ 2264 Crores, Government had already released ₹192 Crore as first phase disbursement to the Company towards capital expenditure and has made an allocation of ₹ 80 Crores for capex for the year 2016-17.

The infrastructure up-gradation for implementation of various projects is completed at different plants of ITI and the projects are under implementation. This support from the Government will help ITI to enter into manufacturing of products in different market domains in a big way.

Under Revival plan, several projects have been planned for implementation at various manufacturing plants of ITI. In addition to telecom products like G-PON (recently ITI has won the tender from BBNL for the supply of G-PON equipments with C-DoT technology), MLLN, Broadband equipments etc., major thrust has been given for the manufacture of encrypted telecommunication equipments required for Defence sector. ITI has also taken up diversified products like Solar panel manufacturing, Smart card manufacturing and Data center. ITI has already established HDPE manufacturing line at Raebareli plant. ITI is also planning to manufacture OFC cables, Optic fiber manufacturing, Li-Ion batteries, Wi-fi solutions, Low power BTS, establishment of ITI's own Data center, contract manufacturing activities for VSSC and other PSUs., The other products identified for manufacture are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Set top box, Smart energy meters etc.,

Against the CCEA approval of ₹1892.79 Crores as grant-in-aid, the Government has so far (as on 31.07.2016) released ₹1004.02 Crores towards establishment cost, payment of statutory dues and 1997 wage revision arrears to the employees.

### HIGHLIGHTS:

The turnover for the year 2015-16 is mainly constituted from Network For Spectrum (NFS), National Population Register (NPR), NGN, AMC for GSM-SZ, GSM-WZ, OCB, MLLN & ASCON, Defence and IT Solutions.

The Company is executing the turnkey NFS Project for BSNL worth ₹2984 Crore which involves procurement, Supply, trenching, laying, Installation, testing and maintenance of Optical Fiber Cable, PLB Duct and accessories for construction of exclusive Optical NLD backbone and Optical access routes on turnkey basis in the Eastern and North- eastern region of the country. Out of the total of 13500 kms cable laying, nearly 6000 kms have been laid in both F and G Packages.

## PRODUCTION

(₹ in Crore)

| Sl. No.      | Product/Project                              | 2015-16<br>(including<br>ED &<br>Service<br>Tax) | 2014-15<br>(including<br>ED &<br>Service<br>Tax) |
|--------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| 1            | NFS cable laying                             | 535.28                                           | 0.00                                             |
| 2            | ROs / CCO / IT                               | 145.03                                           | 158.09                                           |
| 3            | Defence / ASCON                              | 117.93                                           | 81.72                                            |
| 4            | NPR/SECC Projects<br>(Data)                  | 104.63                                           | 51.10                                            |
| 5            | GSM – WZ (Incl. BTS,<br>RTT, Shelter & AMC ) | 88.43                                            | 19.72                                            |
| 6            | GSM – SZ                                     | 65.11                                            | 48.30                                            |
| 7            | NGN                                          | 63.22                                            | 47.49                                            |
| 8            | MLLN                                         | 42.64                                            | 38.42                                            |
| 9            | OCB AMC Business                             | 31.46                                            | 36.86                                            |
| 10           | Misc. Services                               | 29.50                                            | 29.03                                            |
| 11           | Data Centre                                  | 13.96                                            | 11.56                                            |
| 12           | SMPS                                         | 6.77                                             | 5.75                                             |
| 13           | G-PoN                                        | 6.66                                             | 14.83                                            |
| 14           | GSM – MTNL                                   | 2.16                                             | 5.43                                             |
| 15           | PCM MUX                                      | 0.48                                             | 1.73                                             |
| 16           | WLL-CDMA Infra                               | 0.08                                             | 0.00                                             |
| 17           | Diversified Products/<br>Cont.Mfg.           | 0.00                                             | 68.40                                            |
| 18           | SIM / USIM / SMART<br>Cards                  | 0.00                                             | 0.89                                             |
| 19           | C-DOT Products                               | 0.00                                             | 0.34                                             |
| 20           | Solar Panel                                  | 0.00                                             | 0.15                                             |
| <b>Total</b> |                                              | <b>1253.34</b>                                   | <b>619.81</b>                                    |

## PROJECTS EXECUTED DURING THE YEAR 2015-16:

- Next Generation Network (NGN)**  
 ITI Bangalore plant successfully executed the purchase order worth ₹ 63.22 Crores. for NGN products received from BSNL.
- National Population Registration (NPR) and Socio Economic & Caste Census (SECC) projects**  
 ITI is one among the consortium of three PSUs (other two PSUs being M/sBEL & M/s ECIL) for the execution of prestigious National Population Register(NPR) Project under Ministry of Home Affairs (MHA). The job involves collection of citizen data including biometrics which is under

execution. The above consortium is also executing SECC project for the Ministry of Rural Development (MoRD).

- GSM**

ITI has implemented GSM Projects in BSNL West Zone and MTNL-Mumbai in technology alliance with M/sAlcatel-Lucent & in South Zone in technology alliance with M/s Huawei. The Annual Maintenance Contract related works have been carried out in these zones.

- Defence projects**

ITI is the leader in supplying encryption equipments for the secured communication in the Defence networks. In the year 2015-16, ITI had executed orders from Defence sector for IP encryptors, NGN (BU), 5C telephone instruments etc.

- Fiber Cable Laying for Network for Spectrum (NFS)**

ITI Limited is executing the NFS Cable laying Project in Eastern and North Eastern states of the country. The project is divided into 2 packages viz. Package F and Package G. Package F executed by Mankapur Unit covering six states viz., West Bengal, Bihar, Jharkhand, Chattisgarh, Sikkim and Assam. Package G is executed by Rae Bareli Unit in North Eastern states. This is a turnkey project for Defence tendered by BSNL which involves trenching, ducting and laying of optical fibre cable for 13500 kilometers. The total PO value is ₹ 2111Crores (excluding AMC). Out of this the Rae Bareli has a PO worth ₹1267 Crores. Out of this, cable laying and services work worth ₹ 274.36 Crores have been completed by Rae Bareli unit during the year. Mankapur Unit has a PO worth 844 Crores. Out of this, cable laying and services work worth ₹ 260.93 Crores have been completed during the year.

- Switch Mode Power Supply (SMPS)**

ITI Rae Bareli Plant is manufacturing SMPS systems and executing the orders from BSNL / MTNL. For the first time, Rae Bareli Plant has taken TSEC of 25A indoor/outdoor, 50A indoor/outdoor and 100A SMPS Power Plant and upgraded manufacturing line of SMPS Power Plant.

### • Data Center & IT Projects

ITI has already established Tier 3+ state-of-art Data center at Bangalore on PPP model. Presently, this Data Center is fully booked for co-location services. ITI is also playing a major role in implementing IT projects. The Government is pursuing E-Governance projects for taking the benefit of IT to the Village Panchayats and a substantial budget provision has been made by the Government for the same. ITI is aggressively pursuing this market segment. ITI has executed SWAN (State Wide Area Network) projects of Maharashtra, Odisha and Mizoram. ITI is also executing Accelerated Power Development and Reform Programme (APDRP) of Tamil Nadu state.

### • Maintenance Contracts

ITI had earlier established the ASCON network for Indian Army. ITI was also the major supplier of fixed line switches to BSNL and MTNL. Currently, ITI has been extending maintenance assistance to Indian Army for ASCON and to BSNL and MTNL for OCB exchanges, MLLN and STP Networks under Annual Maintenance Contracts.

## FINANCE

The performance of the Company for the year 2015-2016 as compared to the previous year is as follows:

(₹. in Crore)

| Sl. No. | Particulars                                           | 2015-2016 | 2014-2015 |
|---------|-------------------------------------------------------|-----------|-----------|
| i.      | Sales including services                              | 1253      | 620       |
| ii.     | Value of Production                                   | 1253      | 618       |
| iii.    | Loss/Profit before tax                                | 251       | (297)     |
| iv.     | Loss/Profit after tax                                 | 251       | (297)     |
| v.      | Financing Expenses                                    | 157       | 157       |
| vi.     | Depreciation                                          | 13        | 15        |
| vii.    | Capital Employed (Net Fixed Assets + working capital) | 460       | 1112      |
| viii.   | R&D Expenditure                                       | 16        | 13        |

## SHARE CAPITAL

The Cabinet Committee on Economic Affairs (CCEA), on 24th February 2014 has approved financial assistance, based on the recommendations of Board for Reconstruction of Public Sector Enterprises (BRPSE) to an extent of ₹ 4156.79 crore for the revival of the Company. The fund infusion will be capital grant of ₹ 2264 crore in the form of equity and the balance amount of ₹ 1892.79 crore in the form of grant-in-aid.

The Company has received ₹192 crores from Ministry of Communications and IT for meeting the expenditure towards CAPEX implementation of various projects in its various plants, during February 2015.

The paid up Equity Share Capital as on 31st March 2016 was ₹ 288,00,00,000.

During the year under review, the Company has not issued shares or granted stock options or sweat equity.

As on 31st March 2016, none of the Directors of the Company hold any shares of the Company.

Government of India vide letter no.20-36/2012- FAC-II dated 20-07-2016 has communicated the approval of Cabinet Committee on Economic Affairs to transfer requisite number of shares of President of India to Special National Investment Fund to meet SEBI's Minimum Public Shareholding requirement. The Board of Director in its meeting held on 11.08.2016 has approved allotment of 19,20,00,000 equity shares of ₹ 10 each at par amounting to ₹ 192,00,00,000 to President of India.

## DIVIDEND

As your Company still have accumulated losses the Directors are not in a position to recommend any dividend for the year 2015-2016.

## HIGHLIGHTS OF THE PRODUCTION PLANTS AND SERVICE UNITS:

### BANGALORE PLANT:

Bangalore Plant achieved a turnover of ₹ 158.17 crs (with ED & Service tax) and the net turnover of ₹ 148.60 crs.

### Projects / Major orders successfully completed in FY 2015-16

The supply consisted of NGN supplies worth ₹ 63.22 crs under the Government's prestigious Digital India Initiative. Under services, the unit executed ₹ 65.11 crs for GSM-SZ AMC, ₹ 8.6 crs for Defence AMC, ₹ 0.09 crs for CDMA WLL AMC and ₹ 13.97 crs for Data Centre Business.

The Unit also supplied Defence Equipments worth ₹ 3.82 crs, ISAT for CRPF – ₹ 1.23 crs, Telephones for Defence and BSNL worth ₹ 0.47 crs; Primary MUX for BSNL for ₹ 0.45 crs, Contract Manufacturing and Reliability Lab services ₹ 0.9 crs and Spares ₹ 0.07 crs.

### Future outlook

Bangalore Plant addressed approx ₹ 6000 Crs worth major tenders during the year viz. ASCON Phase IV - Main & Secrecy, NFS Secrecy, Defence telephones, ARC & ARI Cards for CDOT ANRAX, Flexi Encryptors for NTRO, Bulk Encryptors for Defence, IP Encryptors for Assam Rifles, PCM MUX cards for BSNL and Tablet PC for Chattisgarh Infotech promotion society.

Under the Nation's Digital India Programme, ITI Bangalore applied for AUA/ASA/KUA/KSA registration from EUIDAI, got pilot order for generating secure QR code from CBSE board for class X and XII as part of SaaS, thereby entering the ICT Business. Future orders are anticipated on regular basis under SaaS, from various Educational Institutions and Aadhar related services.

ITI Bangalore has signed an MOU with TSSC (Telecom Sector skill council) and has trained 83 Candidates on the PCB Module Fabricator.

### Implementation of Revival Projects.

Under the revival plan of BGP an amount of ₹ 138 crs was allocated (₹ 89.5 crs for production and ₹ 48.5 crs for R&D). 6 projects were identified viz Legacy secrecy projects, 1 Gigabit encryptor, Multichannel Encryption Unit, PSU Business, SCADA, MUX, Telephone, Data Centre and IT Projects.

All the manufacturing areas viz. IGI, Component Test Labs, PCB Plant, SMT Line, Central Machine Shop, Coil Winding, Injection Moulding, Inspection and Testing, Material Handling, Reliability Chambers, Air conditioning Plants, Power backups like UPS, DG sets, Safety Equipments, Servers, Desktops, Laptops etc. were upgraded with modern equipments to take care of latest technology in Electronics Manufacturing. Similarly, R&D upgraded the research facilities by inducting latest development tools for future requirements.

### Measures taken for energy conservation

Energy Consumption for the year is 20,62,883 units compared to 21,92,638 units during the same period last year. Resulting in a saving of 6.3 %

With the upgraded infrastructure for Electronic Manufacturing in place and ₹ 6000 crs worth tenders on the anvil, the mother plant is all set for a historic turn around.

### • MANKAPUR PLANT

Prestigious NFS project for package F for construction of exclusive optical NLD backbone and optical access route on turnkey basis for Defense network allocated to ITI Mankapur is worth ₹ 844 Crs excluding AMC. Out of this, cable laying and services work worth ₹ 260.93 Crs have been completed.

Mankapur Plant has achieved a turnover of ₹ 353.00 Crs (including ED & Service Tax) which is highest in the last ten years. The plant supplied C-DoT equipments worth ₹ 0.21 Crs; Bank Mechanizing products approx. ₹ 1.06 Crs and LED based products worth ₹ 0.0139 Crs.

ITI Mankapur undertakes repair of the cards for ongoing AMC work through NSU and GSM projects which contributed in revenue generation in support of AMC activities being done by ITI NSU and GSM unit. ITI Mankapur effectively and substantially contributed in the business through cards repairing of CSN, C-DoT, E-10B and GSM projects. During the year ITI Mankapur generated SSU revenue worth ₹ 5.09 Crs., out of which ₹ 2.7 Crs is from SSU cards repair and ₹ 2.3 Crs is from BTS card repair.

ITI Mankapur Plant has made a new beginning in Contract Manufacturing by bagging orders from HAL and C-DOT.



An agreement for licensing of C-DOT technology for BBWT Base version has been signed between C-DOT and ITI and this product has been allocated to Mankapur unit.

ITI Mankapur is organizing “Finishing Schools” for the engineering under graduates pursuing higher studies or skill development. Under Finishing School project towards the knowledge based activities, ITI Mankapur earned revenue of approx. ₹ 0.09 Crs while imparting training on technical innovation and skill up gradation to the engineering students from various reputed Engg. Colleges of the country, for their better career opportunities.

Human resource Development center at Mankapur has taken initiative to be the active associate of “Kaushal Vikas” drive of the Uttar Pradesh Government. They are also making efforts to be implementing agency for Pradhan Mantri Kaushal Vikas Yojna –PMKY.

MoU was signed between Our Unit and NIELIT, Gorakhpur. The MoU will pave way for regular and hands-on training of NIELIT students right from Diploma to M.Tech level at the Unit besides innovative and developmental technical support to us.

During the Financial year 2015-16, the plant has bagged National Safety Awards for Performance Year 2013- Runner-Up for Lowest Average Accident Frequency rate.

The efforts to monetize the buildings and houses have generated approx. ₹ 0.64 Crs. by way of rents.

Austerity measures undertaken at ITI Mankapur have resulted in reduction of expenses on different accounts especially in the area of energy conservation. Reduction in expenditure towards electricity during 2015-16 is approx. 25.19%. in comparison with that of 2014-15. This has been achieved by taking various measures like replacement of old mechanical energy meters by new electronic energy meters in the residential quarters, keeping the machines and lights switched-off where ever possible, partial replacement conventional lights by led lights etc.

Reduction in expenditure towards transport service during 2015-16 is 30.63% in comparison with that 2014-15. This is mainly due to reduction of route buses.

## ● RAE BARELI PLANT

Rae Bareli Plant achieved a performance of ₹ 308.49 Crore; ₹ 274.36 Crore from dispatch of NFS Cable laying, ₹ 6.66 Crores of GPON equipment, ₹ 6.65 Crores from the supply of SMPS & Misc. equipments, ₹ 20.70 Crore worth of GSM Franchisee business and 0.12 Crores of SMPS Repairs.

### Major orders received up to 31st March 2016

ITI Limited had bagged purchase orders of ₹ 2111 Crores from BSNL, out of which Raebareli Unit has been allotted to ₹ 1267 Crores towards NFS Project (Package G). Orders worth ₹ 274 Crores executed upto 31st March, 2016. Balance ₹ 993 Crores to be executed during 2016-17.

### Future Outlook

Raebareli is taking up manufacture of C-DOT based GPON equipments, HDPE Pipe, Li-ion battery and OFC.

### GPON Project

Giga-bit Passive Optical Network (GPON) is a family of products for high speed broadband communication through fibre backbone. It caters to variety of services, like voice, video, data, internet etc. Active transmission equipment in GPON network consists mainly of Optical Line Termination (OLT) and Optical Network Unit (ONU).

ITI Raebareli plant has experience in supplying GPON equipments to BSNL and MTNL. Currently ITI has tied-up with C-DOT for GPON technology products. As per the ToT agreement, C-DOT's role is limited to technology transfer for manufacturing. ITI will be fully responsible for marketing, manufacturing, installation and maintenance support. Currently, ITI is LI against the BBNL tender for the supply, Installation, Commissioning & Maintenance of 2000 OLTs and 50,000 ONTs for the NOFN. ITI has already bagged an order worth ₹ 206 Crs. against this tender. ITI is also participating in BSNL tender of GPON for 1700 OLT and 42500 ONT.

### PLB HDPE PIPE Project

PLB HDPE (Permanently Lubricated High Density Poly-ethylene) Pipe is used for laying of optical fiber cable (OFC) underground.

ITI Raebareli has already set up one line of PLB HDPE Pipe manufacturing with a capacity of 3600 Kms/annum. Further, it is planned to set up additional 2 lines of PLB HDPE Pipe manufacturing, as per Report of the Committee on National Optical Fibre Network (NOFN), Dated March 31, 2015. As per the report, HDPE Pipe still required to be laid in NOFN (BharatNet) to the tune of 2,32,746.0 Km. ITI may expect 30% RQ against this requirement.

### **Li-ion Battery Project**

Lithium is a good conductor of electricity and can combine with many other metals to form alloys. Lithium ion batteries provide more and more energy in a smaller container. The small size, more life and fast changing Qualities of Li-ion battery makes it more suitable for rural telecom applications. Lithium-ion batteries have many applications like cell phones, FTTX installations, remote terminals (such as in FTTX installations), access networks, BTS (Base Transceiver Stations) for wireless networks, cable networks, central offices, fuel cell powered system cars, artificial pacemakers, PCs, laptops, audio players, clocks, toys, cameras, automobiles etc.

For USOF projects, Li-ion Battery is more suitable and ITI expects to grab this order. Initially Raebareli plant is taking up the assembly of Li-ion Batteries as per TECGR specifically to meet the requirements of BTS Sites. Raebareli Plant will be responsible for manufacturing, Marketing, installation and maintenance support.

### **Optical Fibre Cable(OFC) Project**

An optical fiber cable is a cable containing one or more optical fibers that are used to carry light. The optical fiber elements are typically individually coated with plastic layers and contained in a protective tube suitable for the environment where the cable will be deployed. Different types of cable are used for different applications.

Fiber optic cables find many uses in a wide variety of industries and applications. Some uses of fiber optic cables include Medical, Defense/Government, Data Storage, Telecommunications, Networking, Industrial/Commercial, FTT-X technology.

ITI Raebareli plans to enter into OFC manufacturing area with an annual Capacity of 30,000 Kms. As per the Report of the Committee on National Optical Fibre Network (NOFN), Dated March 31, 2015, total OFC (Ground & Aerial) required in NOFN (BharatNet) is 10.13 lacs Km and ITI may expect 30% RQ against this requirement.

## **• NAINI PLANT**

### **Products Description Naini Plant 2015-16**

**Solar Panel Manufacturing:** ITI Naini Plant is having installed capacity of manufacturing Solar modules up to 300 W for yearly capacity of 5 MW approx. ITI Naini has acquired IEC certification for low voltage up to 50 W solar panels. For higher wattage, in house manufactured solar module samples (up to 300 W) were submitted to M/s UL India Bangalore for testing against various applicable clauses (IEC 61215, 61730 and 61701). Our samples passed all the tests and Naini module production facility has been awarded IEC certification of module manufacturing of Modules from 30 W to 300 W power capacity.

The solar panel manufacturing was manual and manpower intensive facility. However due to depleting skilled manpower of ITI Naini up gradation of facility was planned under the revival plan. During 2015-16 ITI Naini was allocated ₹ 3 Cr as capital sanction for solar project infrastructure up gradation against ITI revival plan (phase-I). The civil and plant works are in progress and in advance stage of completion. The automated Tabber and Stringer Machine has been commissioned in July 2016. This will make our manual production facility semi automatic concurrent and improve the quality of the product and also lower down the cost of production significantly.

Under revival plan phase-II establishment of New Automatic SPV module manufacturing line of capacity 40 MW (Part-I: 18MW, Part-II: 22 MW) process has been initiated which will make our production facility fully automatic to cater upcoming mega Power & Communication projects substantially.

Plant has initiated rental activities for available Optical & Transmission test instruments on chargeable basis to external vendors.

ITI Naini Plant is pursuing energy saving measures. During the year sanctioned Plant load reduced from 2000 KVA to 1000 KVA resulting in the saving of ₹ 2 Lac per month.



Training Centre: Total revenue earned during the year was ₹ 5.62 Lacs.

- a. 15 days skill development training program of solar module technician conducted for 4 batches and 100 students are trained.
- b. 4/6 weeks vocational summer training was conducted for 456 Degree/diploma students.
- c. 18 in house training programs conducted for ITI employees.

Naini Plant is ISO 9001 and ISO 14001 certified. Surveillance audit of ISO 9001 and ISO 14001 are conducted in the year.

Under the revival plan activities, Disaster Recovery (DR) site of Data Centre will be established at ITI Naini with the main Data Centre at Bangalore. Carrier Ethernet project will also be initiated to address business under Digital India Program through BBNL/BSNL for installation of Broadband access network across rural areas.

#### ● **PALAKKAD PLANT**

This plant has achieved a turnover of ₹ 153.39 Crs. for the year 2015-16 registering profit. This plant has completed the work of SECC and NPR Project in allotted States and were successful in further getting additional orders for Data Digitization for ₹ 31 Crs, Data Merging and Permanent Data Centers for ₹ 23 Crs. Also efforts are on for getting for orders for Aadhar seeding work from Kerala, Uttarkhand and Uttar Pradesh to the tune of ₹ 75 Crs.

As a part of diversification of products, the plant has made inroads in the Defense Manufacturing area and Space Electronics by supplying Cables, Bare PCBs and Assembled PCBs to NPOL, HVF Avadi, VSSC etc. This plant has setup a separate Manufacturing area for Space Electronics fabrication to meet the requirements of stringent quality norms of Space Related products. This plant has the only public sector shortlisted by VSSC as a partner for PSLV Launch Systems.

Also, towards the steps to regain the manufacturing mode, products were identified as HDPE Pipe, Smart Energy meter, Set top Boxes and have identified

the Technology Partners. Also, towards smart card manufacturing efforts are on to find Technology partner.

This plant was successful in identifying the Projects for Revival Packages under the heads of MLLN, VSSC and Smart Cards and ₹ 35 Crs were allotted against this under CAPEX. The plant has installed machineries for the above worth ₹ 33 Crs. against various project.

AMC Department was successful in renewing the contract worth ₹ 62.22 Crs with BSNL and MTNL for MLLN Equipments for further 3.5 years and 4 years respectively. The plant is also successful in getting orders worth ₹ 12.63 Crs for MLLN Modems, ₹ 5.44 Crs for Data Base License for SSTP, ₹ 6.20 Crs for NMS Sever up gradation from BSNL / MTNL during 2015-16.

Towards Energy saving front, the plant has started replacing Mercury Vapour Lightings by LED Lighting and are switching off all our lightings for half an hour daily. Also we are keeping the 1.6 MVA Transformers shut down for approximately 9 months. Annual energy saving is expected is approximately 3000 KW per month by these steps. Also on experimental basis we have implemented drip irrigation for garden by saving approximately 3000 liters of water daily.

Kerala Government has selected Palakkad plant as one of their Training Service Provider of ASAP Scheme (Additional Skill Acquisition Programme) and last year we have conducted training for two Batches of 20 Students each for PCB Course and One batch of 20 students for FTCP.( Field Technician and Computing Peripherals).

The plant has successfully completed the surveillance audit for Quality Management System and Environment Management System and is working towards certification of QMS and EMS with 2016 standards. In the Industrial Safety front the plant is the runner up for the Outstanding Safety performance in the large size Engineering Industries Group from National Safety Council Kerala Chapter.

#### ● **SRINAGAR PLANT**

Srinagar Plant achieved a turnover of ₹ 3.06 lakhs for the year 2015-16.

## • NETWORK SYSTEMS UNIT

Continuing its consistently good performance, this Unit achieved a turnover of ₹ 135.41 Cr. and registered a profit of ₹ 28.77 Cr. Revenue from AMC for ASCON remained the major contributor at ₹ 104.59 Cr. while OCB 283 AMC for BSNL and MTNL contributed ₹ 21.99 Cr. and ₹ 8.82 Cr. respectively.

Fresh Composite Annual Maintenance Contract for ASCON was signed between NSU and Ministry of Defence on 31.07.2015. This AMC is valid with retrospective effect from 01.12.2014 and expires on 30.11.2019. Under this AMC, average annual fixed charge is valued at ₹ 56 Cr. and variable charges at ₹ 32.63 Cr.

AMC for 12+1 Upgradation Project, also under MoD, was signed on 30.07.2015 and is valid up to 24.02.2020. Average annual value of the contract is ₹ 11.30 Cr.

For the current fiscal, OCB 283 AMC for BSNL and MTNL have been renewed and are valued at ₹ 26.16 Cr. and ₹ 11.41 Cr.

## HIGHLIGHTS OF REGIONAL OFFICES

### Performance:

- Sundry Debtor realization during 2015-16 is ₹ 90.11 Crs.
- Order bagged in 2015-16 is ₹ 75.35 Crs ,
- ₹ 82.51 Crs orders on hand as on 01.04.2016.
- Cost cutting measures undertaken by ROs resulted in a saving of ₹ 1.65 Crs.

### New Projects taken up in 2015-16 :

- Integrated University Management System (IUMS) for Universities of total approx value ₹ 13 Crs - RO Delhi
- CCTV surveillance for FCI of approx value ₹ 2 Crs. - RO Delhi
- IT Services for online examination activities for TNPSC & SSB for 3 years, estimated business is ₹ 8 Crs - RO Chennai
- SITC of HPC cluster with storage etc for NMAIST, ARUSHA, Tanzania against CDAC order. - RO LKO

## Big orders successfully completed in 2015-16

- e Tendering business of value ₹ 41.02 Crs - RO Delhi, Bangalore, Kolkata & Lucknow
- RO Bhubaneswar has successfully completed Odisha Wide Area Network (OSWAN) project. This was on BOOT model spanning for 5 years and the total project value was approx. ₹ 69 Crs.
- RO Delhi has completed two Integrated University Management Systems (IUMS) orders of value ₹ 5.11 Crs.

## Future Prospects:

- RO Hyderabad shortly taking up implementation of Network Management System (NMS) for BSNL and is expected to bill approx. ₹ 32 crore in FY 2016-17
- Uttarakhand Govt. has shortlisted ITI Limited, RO Lucknow for implementation of work related to IT.
- RO Lucknow presently working on the order, received for implementation of Wi Fi Zone at important tourist spots in the state of Uttarakhand.
- RO Lucknow shall be establishing Audio Video Infra for Lucknow Development Authority (LDA). The order value is ₹29.5 Crs.

## RATING IN MEMORANDUM OF UNDERSTANDING

The company's rating for the year 2014-15 is "Very Good" with a composite score of 2.41. This composite score is BEST during thirteen years, i.e 2002-03 to 2014-15. The company has signed Memorandum of Understanding with the Administrative Ministry for sales turnover of ₹ 1800 Crores for the year 2015-16.

## FUTURE OUTLOOK:

The following projects are planned for implementation under revival plan.

### • HDPE pipe and Optical Fiber cable manufacturing:

Laying of optical fiber cable (OFC) underground is to be carried out through PLB HDPE (Permanently lubricated high density Poly ethylene) Pipe only. The demand for HDPE

Pipes has quickly risen due to several Government projects like, NFS, ASCON, NOFN etc. As per Govt. of India initiative for "DIGITAL INDIA" programme, optical fibre network is to be established in the whole country for easy inter-net accessibility. Therefore, there is huge demand of PLB HDPE pipes. Apart from BSNL and BBNL, other service providers are also requiring such type of PLB HDPE pipes for their telecom service. ITI Raebareli plant has established one number of HDPE manufacturing line. The plant is now ready for bulk production. Considering the huge market available for this product in projects like NFS and NOFN, ITI is planning to establish more lines of manufacturing in Raebareli plant and similar facility in Palakkad plant also.

Similar to HDPE pipes, there is huge demand for optical fiber cables also. Company has proposed to manufacture these cables in Raebareli and Palakkad Plants.

- **Encryption Products for Defence:**

The encryption products for Defence communication networks are being supplied by ITI for long time. ITI has been the leader in this field. The products are evolved in tune with the evolution in the digital communication technology. There are major requirements of encryption products for Defence for their NFS network, ASCON network etc.

- **G-PON manufacturing:**

In the recent tender floated by BBNL for G-PON equipments, ITI has been emerged as L1 bidder with C-DOT technology. ITI is gearing to start manufacturing of this product at Raebareli plant from component level with C-DOT as the technology provider.

- **Manufacture of Smart Cards:**

As an extension of National Population Register project, which is under execution by ITI as a consortium partner with BEL and ECIL, ITI is looking at the huge opportunity of manufacturing Smart card based identity cards for the citizens in the Country. In addition, there are opportunities regarding supply of smart

cards for unorganized workers, driving licenses, motor vehicle registration etc. ITI is already having smart card manufacturing facility at its Palakkad plant. This is being further augmented to take manufacture of various types of identity cards.

- **Manufacturing of Li-Ion Batteries:**

High density back up power solutions using Li-Ion technology have been proved in all fields of consumer electronics like PCs, Mobile phones, Tablet PCs etc,. They are also making inroads into other applications like powering GSM towers. ITI is planning to take up assembling of Li-Ion batteries in one of its plants, specifically for supplying to the BTS sites.

- **Component Screening Project:**

Component Screening is a Project suggested by VSSC for ITI Palakkad to take up for meeting their requirement of approximately 5 Lakh screened components per year. Screened Components are required regularly for VSSC for their space missions. Basic component screening facility has already been established in the plant. Currently, based on the indications from VSSC, the company proposes to augment the component screening infrastructure to test integrated devices.

- **Data Center and IT Business:**

Company has planned investment to address the huge growth in the service sector related to Information Technology. Currently ITI has been operating one Data Center in its Bangalore plant in partnership with a private company. However, the company plans to build its own Data Center under the revival plan. In addition, company has planned to launch some IT solutions, like E-Banking, Aadhaar based authentication etc. on SaaS basis from the Data Center.

ITI is also planning to address the opportunities arising out of the Digital India and Smart Cities projects where in several products in the latest IT technology, like, sensors.

- **Wi-Fi products:**

Wi-Fi products have revolutionized the way we communicate. In addition to low power

Wi-Fi products in residences, Wi-Fi hot spots are coming up all around the country. Further, Wi-Fi products are also expected to be part of the Digital India programme to connect every citizen to Broadband network and also in setting up of Smart Cities. ITI is planning to address this business opportunity in association with a technology partner.

- **Managed Leased Line Network (MLLN) Equipments:**

ITI has been the leader in supplying MLLN equipments for BSNL and MTNL. The existing MLLN networks of these PSUs have been set up by ITI and ITI hopes to address their future requirements. In addition, ITI is getting good revenue for giving maintenance support to the existing networks.

- **Low Power BTS systems for remote villages:**

Low power BTS systems have been planned as a means to extend mobile connectivity to cover all the unconnected villages in the country. USOF has planned to fund such programmes so that every village in the country is connected through mobile communication networks. ITI is hoping to get orders for supply of equipments required for such networks.

- **Business with PSUs/ Contract Manufacturing:**

Contract manufacturing for PSUs is an existing activity in ITI. ITI is already executing job works for PSUs like, BHEL, BEL, VSSC, NPOL etc. With upgradation of infrastructure in ITI, there is more scope for getting new business in the area of contract manufacturing.

### **CONTRIBUTION TO EXCHEQUER:**

During the year, your company has contributed ₹ 9640.22 lakhs to the exchequer towards duties and taxes.

### **PUBLIC DEPOSITS:**

Value of deposits held by the company is NIL. Deposits aggregating to ₹ 0.24 Crore had matured for payment, but were not claimed on due dates.

### **REVIEW OF ACCOUNTS BY INDIAN AUDIT AND ACCOUNTS DEPARTMENT:**

The comments on the accounts for the year 2015-16 by the Comptroller and Auditor General of India is appended.

### **JOINT VENTURES:**

#### **INDIA SATCOM LIMITED (ISL)**

ISL was incorporated in the year 1987 and the present shareholding of ITI in ISL is 49% with M/s. Chris Tech Systems Pvt Limited holding 51% shares. The Board of ISL planned to revive the operations of the company through a JV proposal with National Building Construction Corporation Ltd, a Govt. of India Enterprises. In this regard, Board of ISL is awaiting Ministry's direction and final disposal of the case initiated by Karnataka Industrial Area Development Board (KIADB) which is pending before Hon'ble High Court of Karnataka.

The salient features of the Joint Venture Companies are furnished in form AOC -1 which is appended to this report.

### **QUALITY**

Quality policy of ITI is to "deliver high quality, secure and reliable products, services and solutions" by empowering every employee. Quality Assurance wings are functioning in all the manufacturing units of ITI Ltd. The QA wings are responsible for delivery of Quality products and services. The Units have been well equipped with necessary test facilities and test systems for carrying out elaborate tests, conducting reliability evaluations on all the products to ensure quality. This is achieved by sound and effective Quality Management System.

The five manufacturing plants at Bengaluru, Palakkad, Mankapur, Rae -Bareilly and Naini have been accredited with ISO 9001-2008, NSI Bangalore is also accredited With ISO 9001-2008. The periodical Surveillance Audit & Recertification Audits have been conducted successfully, Keeping in tune with the Global concern for Environmental Management all the plants have also gone in for ISO 14001-2004 EMS certifications. The guidance and support to all the units for training implementation surveillance



audits & recertification audits of ISO 9001-2008 and EMS 14001-2004 are provided by Corporate Quality Assurance .

### **MANPOWER**

Employee strength at the end of the year 31st March, 2016 was 5229 out of which 503 were female employees.

As on 31.03.2016, there were 861 employees belonging to Scheduled Castes and 50 belonging to Scheduled Tribes.

29 Officers on Tenure basis 27 contract Engineers & 25 Contract Technicians were recruited during the year 2015-2016.

Employees belonging to Physically Challenged Persons numbering 74 and Ex-servicemen category numbering 21 were on the rolls of the company as at the end of the financial year.

### **INDUSTRIAL RELATIONS**

The Industrial Relations scenario in the Company was cordial during the year. Employees' Union and Officers' Association extended their co-operation and support in ensuring smooth work flow and helped to meet the Company's objective.

### **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made there under, Company has constituted Internal Complaints Committees (ICC) to redress complaints received regarding Sexual Harassment at our all Units. All employees (permanent, Contractual, Temporary, trainees) are covered under this policy

No. of complaints received during the year 2015-2016 is NIL.

### **HUMAN RESOURCE DEVELOPMENT:**

The Indian Telecommunication is zooming up the growth curve with feverish pace. With the rapid development in telecom, India is one of the most rapidly growing telecom markets in the world. India is also a market where new technologies are slated to be used aggressively. In the present scenario of fast changing technology and increasing competition, ITI

imparts training as to enable its employees to remain updated of knowledge and skills to offer surpassing technological obsolescence and competitive edge in their services.

Keeping in view the Company MoU target on HRM – Training for the FY 2015-16, the HRD initiatives were more oriented towards imparting Training to Executives / Non-Executives for knowledge / skill development in Telecom and IT. Training Programmes and Workshops were organized in Broadband, OFC, Mobile, NGN, Cyber Security and Communication Technologies. Towards digitalization and to improve computer literacy in the company both basic and advance course in computer skills, training programmes in Microsoft Office were imparted throughout the Company. Training programmes were also organized in-house on Soft Skills, Stress Management, Safety, besides organizing awareness programmes on Health, Environment, Energy Management;

ITI takes up Govt. of India initiatives like Digital India and Skill India to fully comply with the directives of the Govt of India and in HRD sphere, skill development training sessions are being organized particularly for the students across India utilizing the infrastructure facilities in the HRD Centers of our Units. These short-courses are devised to enable them to take up employment immediately/ enhance the employability, in association with Governmental authorities and Skill Sector Councils and other Training Partners in all ITI Units over and above internal enrichment of course contents. During the financial year ITI imparted telecom skill development training to 2104 trainees, out of which 310 in TSSC/ ESSCI Qualifications packs and 1794 have been trained in ITI modules.

ITI always achieves its targets and in fact overwhelmingly surpasses given targets of MOU with DOT. Additionally, the skill gaps arising out of newer technologies and changed product portfolio among the employees are also continuously monitored and effectively plugged in periodically.

In a nutshell, as against the MoU target in respect of HRM performance indicators, 124 training programmes have been organized In house/ sponsored outside. The company trained 1699 Executives and 813 Non-Executives achieving 5834 and 1838 training man-days respectively.

2104 students have been trained in telecom skill development training and achieved 'Excellent' MoU ratings in all the HRM training parameters for the year 2015-16.

#### **OFFICIAL LANGUAGE:**

All Units / Offices have established "Check-points" in their departments to make effective implementation of the Official Language Policy. Monitoring is being done by the respective Official Language Implementation Committees constituted in every Unit / Office.

The Progress of Implementation of Official Language in our Corporate Office as well as in our all subordinate Units / Offices is also being periodically reviewed by the OLIC Committee of Corporate office.

In order to enhance the working knowledge of Official Language of our employees, they have been sent to various Training Programs organized by the government for imparting training in Hindi awareness, Hindi typing and Hindi Stenography as per our requirement. However, the Official Language Cells of the different Units / Offices have also conducted internal training programs. Besides, employees were encouraged to take part in Hindi Prabodh, Praveen & Pragya examinations for which financial incentives have also been sanctioned.

Our Units / Offices at Naini, Rae Bareli, Mankapur, New Delhi, Mumbai, Lucknow & Corporate Office have been notified in the Gazette of India as per OL Rules 10 (2) & (4), 1976 after more than eighty percent (80%) of the staff working have acquired a working knowledge of Hindi in these Units/ Offices.

After reviewing our quarterly reports, regular appreciation letters have been received from Dy. Director-OL, Official Language Department DoT, New Delhi as well as Dy. Director (Implementation), Regional Implementation Office, Bangalore.

A Joint Hindi Fortnight Program for Bangalore based PSUs / Organisations was organized by TOLIC (Town Official Language Implementation Committee) Bangalore between 13.07.2015 & 14.08.2015. Various types of competitions were arranged during this period. On this occasion many officers/Non-officers of ITI Limited, Bangalore based Units / Offices also participated in these competitions and more

than 05 Officers / Non-Officers have got the prizes. Valedictory function was held on 28.10.2015 and cash prizes and certificates to the winning participants were given by President, TOLIC.

"Hindi Fortnight" was celebrated and various Hindi Workshops were organised for encouraging progressive use of Hindi during 2015-16. Bilingual (i.e. English and Hindi) website of company is being regularly updated.

#### **VIGILANCE :**

During the year, Vigilance Department focused on the preventive vigilance activities in order to bring more transparency and efficiency in the organization. CVC guidelines and Government policies in this regard have been strictly followed.

To achieve the above objectives, periodical inputs were intimated to the Management regarding publishing of NITs, 'Contracts concluded' in the company website, implementation of Rotational Transfers of Executives in Sensitive Areas, implementation of Integrity Pact and periodical review for ensuring probity & efficacy among employees. Several System Improvement Measures have also been suggested to various departments as a part of preventive vigilance.

The Company celebrated Vigilance Awareness Week from 26th October, 2015 to 31st October, 2015 in all manufacturing units, business establishments and corporate Office.

The Vigilance department is endeavoring to lay far more emphasis on preventive vigilance, scrutinizing the documents, conducting CTE type examination and surprise checks in sensitive departments. These actions had good impact for creating awareness amongst Company Executives on Vigilance aspects of Company Governance.

#### **RIGHT TO INFORMATION:**

During the year 2015-16, out of 336 RTI requests, information was provided against 290 requests, 28 requests rejected and 5 requests were transferred to another Public Authority. The RTI returns on quarterly basis is being submitted to the Ministry for forwarding the same to Central information Commission and the same is published on our Company website.

With a view to achieve total transparency, the requests and responses are being uploaded on our website by FAA/CPIO/Public Information Officers of Units under the specific link given to each unit. All cases referred to CIC as second appeal have been successfully addressed.

## AUDITORS

### ► STATUTORY AUDITORS

M/s. Sundar Srini & Sridhar, Chartered Accountants, Bangalore, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2015-16. The Statutory Audit Report for the year 2015-16 and reply to the observations of the Statutory Auditor are appended as an Annexure to this Report

### ► BRANCH AUDITORS

The following firms of chartered Accountants were appointed as Branch Auditors for different plants of the Company for the year 2015-16

| Unit          | Name of Auditor                         |
|---------------|-----------------------------------------|
| 1. Bangalore  | Sundar Srini & Sridhar, Bangalore       |
| 2. Naini      | Neeraj Prakash & Associates, Allahabad  |
| 3. Rae Bareli | Rajesh Srivastava & Associates, Lucknow |
| 4. Mankapur   | Sri Prakash & Co. Gorakhpur             |
| 5. Palakkad   | Mahadevan & Sivarajan, Palakkad         |
| 6. Srinagar   | M/s. S D M & Co, Srinagar               |

### ► COST AUDITORS

M/s GNV Associates, Cost Accountants, Bengaluru was appointed as Cost Auditors for the year 2015-16 for the cost audit of south-based units located at Bangalore, Palakkad and also consolidation for the Company and M/s. Aman Malviya & Associates, Lucknow as Branch auditors for the Cost Audit of North based units located at Naini, Rae Bareli, Mankapur and Srinagar.

### ► SECRETARIAL AUDITORS

The Company has appointed Shri D Venkateswarlu, Company Secretary in practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the year 2015-16 and reply to the observations of the Secretarial Auditor are appended as an Annexure to this Report

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has constituted Corporate Social Responsibility Committee and the details of same are furnished in Corporate Governance report. For the year under review, the Company was not required to spend on CSR activities. However the Company has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The President of India is empowered to appoint the Directors of the Company from time to time and also to determine the terms of office of such Directors in terms of the Articles of Association of the Company. Accordingly, the following changes on the Board of your Company were effected during the year as per the directives of the President of India.

### Independent Director

Shri Dharendra Singh and Dr M J Zarabi relinquished the position as Directors w.e.f 02.10.2015 on completion of three year tenure. Prof Ramesh Bhat also relinquished the position as Director w.e.f 02.01.2016 on completion of three year tenure.

Shri Shri Saday Krishna Kanoria was appointed as an Independent Director w.e.f 24.11.2015. The terms and conditions of the Independent Directors are posted on the web-site of the Company.

Independent Directors shall not be liable to retire by rotation. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013.



### Government Nominee Directors

Dr Janaki Ananthakrishnan was appointed as Government Director in the place of Shri R K Mishra w.e.f. 13.05.2015.

Shri Srikanta Panda, DDG (LF-I) was appointed as Government Director w.e.f. 29.07.2015 in the place of Dr Janaki Ananthakrishnan who has since been appointed as Director Finance.

Shri R M Agarwal, DDG(SU) was appointed as Government Director in the place of Shri Srikanta Panda, w.e.f 08.06.2016

### Changes in Functional Directors

Shri K K Gupta, then Director Production was granted additional charge as Chairman and Managing Director in the place of Shri K L Dhingra w.e.f 04.06.2015. Shri K K Gupta relinquished the position as a Director on 31.10.2015 on attaining the age of superannuation.

Dr Janaki Ananthakrishnan was appointed as Director Finance, vide Ministry of Communications & IT order No. F.No.14-3/2013-PSA (Pt-1) dated 10th June 2015, as per directives of President of India. Dr Janaki Ananthakrishnan took charge as Director Finance on 13.07.2015.

Shri S.Gopu, Director-HR was granted additional charge as Director-Production for a period of 3 months from 01.11.2015. He held the position as Director-Production till 28.01.2016.

Shri P K Gupta, Director Marketing was granted additional charge of Chairman and Managing Director w.e.f. 01.11.2015

Shri K Alagesan was appointed as Director Production vide Ministry of Communications & IT order No. F.No.14-5/2014-PSA dated 28.01.2016, as per directives of President of India. Shri K Alagesan took charge as Director Production w.e.f 29.01.2016

Shri S.V.R.Murthy, AGM-CF, was appointed as Chief Financial Officer with effect from 29.05.2015 subsequently Dr Janaki Ananthakrishnan was appointed as Chief Financial Officer w.e.f 11.08.2015. Chief Financial Officer and Company Secretary continues to be Key Managerial Personnel along with the Functional Directors of the Company.

The Board placed on record its deep appreciation of the valuable services rendered by the Directors whose term of office ended during the year.

In accordance with the provisions of the Companies Act, 2013. Shri S.Gopu and Dr Janaki Ananthakrishnan retire by rotation and are eligible for re-appointment.

The policy on Director's appointment and remuneration and also remuneration for Key Managerial Personnel forms part of Corporate Governance Report of this Annual Report.

### NUMBER OF MEETINGS OF BOARD:

During the year, 6 meetings of the Board were held on 29.05.2015, 11.08.2015, 23.09.2015, 09.11.2015, 19.12.2015 and 10.02.2016.

### PARTICULARS OF EMPLOYEES:

There were no employees of the Company who received remuneration in excess of the limits prescribed under Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2015.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

A report on Corporate Governance and Management Discussion and Analysis Report along with a Compliance Certificate from Statutory Auditors as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended to this report.

### EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

### RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [http://www.italtd-india.com/financial\\_information](http://www.italtd-india.com/financial_information). The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

#### **The Directors confirm that**

- (a) In the preparation of the annual accounts for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March 2016 and of the profit of the company at that date;
- (c) That proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual financial statements have been prepared on a going concern basis; and
- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (f) That systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **ENTERTAINMENT EXPENDITURE AND FOREIGN TRAVEL:**

The expenditure on entertainment was ₹ -3.93 lakhs. Expenditure on official travel abroad by the officials of the Company amounted to Rs. NIL during the year.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required to be disclosed under the Section 134 of the Companies Act 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are annexed.

## Awards and Events

### ITI Bags 'National Safety Awards 2015' from Ministry of Labour & Employment



ITI Raebareli and Mankapur plants were conferred with 'National Safety Awards 2015' for maintaining safety standards. Raebareli plant has received two awards for performance year 2013 in 2 categories - Winner for 'Lowest average frequency rate of accident' and Runner for 'Longest accident free period.' Mankapur plant bagged the Runner Up award for maintaining 'Average frequency rate of accidents' in last 3 years. Shri K K Gupta, CMD of ITI Limited received the awards at the hands of Shri Bandaru Dattatreya, Hon'ble Minister of State (Independent Charge) for Labour & Employment, Govt of India on 17th September 2015 at the Awards ceremony held at Siri Fort, Asiad Games, Village Complex, New Delhi.



### "Certificate of Excellence" conferred upon ITI Ltd

ITI Limited has been conferred with "Certificate of Excellence" award by the Institute of Economic Studies, Delhi (IES). Shri Premchand, ITI Bangalore Unit Head, received the award from Shri Qamar Ul Islam, Hon'ble Minister of Karnataka Government, during the "Economic Development" seminar, organised by IES at Bengaluru on 15th May 2015.

### India's No.1 Brand Award confers to ITI Ltd.



ITI Limited has been honoured with India's No.1 Brand Award, organized by IBC InfoMedia Pvt. Ltd, which is a distinctive recognition for a brand in its industry category based on current year marketing standing. ITI received this award in the category of top telecom equipment manufacturing Company. This Award was presented to ITI in a function organized by IBC InfoMedia Pvt. at hotel Hyatt Regency, Mumbai on 29th May 2015 by the chief guest, Sri S.K.Nanda, IAS, CMD, GFL.



**“Excellent Efforts for PSU Revival” award conferred on ITI**

Telecom Equipment Manufacturers Association of India (TEMA) has conferred **“Excellent Efforts for PSU Revival”** award on ITI Limited for its efforts towards revival of the company by Shri M.A.Khan, ED, BSNL in a function during the occasion of “BSNL TEMA National Telecom Manufacturing Summit & Awards 2015” organised at BSNL Bengaluru on 22nd May 2015. Shri Premchand, Unit Head - Bangalore Plant, receiving the award from the Guest of Honor.



**Award for ‘Outstanding Safety Performance in Industrial Safety’ conferred on ITI Palakkad**

ITI Palakkad has bagged ‘Runners up’ award for Outstanding Safety Performance in Industrial Safety for achieving lowest frequency rate of accidents in the organization, in the category of Large Size Engineering Industries from National Safety Council, Kerala Chapter for the year 2014-15. The award was received by Shri Sasidharan, DGM (NPR & PCB), Shri P V Baby, Engineer (PM)-F&S and Committee members, Representatives of Employees Union from Shri P Promod, Director, Factories and Boilers, Government of Kerala at Kalamassery, Cochin.



**Delhi Telugu Academy presents ‘Udyog Bharathi Puraskar’ to Shri P K Gupta**

Shri P K Gupta, CMD of ITI Limited, has been honored with ‘Udyog Bharathi Puraskar’ by Delhi Telugu Academy during the occasion of 28th Ugadi Celebrations & Award Presentation – 2016, held at New Delhi on April 10th, 2016



#### **ITI flaunts 'Gigabit Ethernet & Telephone 5 C' @ 6th SES Exhibition 2015**

ITI had participated in the 6th Defence & Aerospace SES (Strategic Electronics Summit) 2015, held at Bengaluru, during July 30 to 31, 2015. The dignitaries who visited ITI stall includes - (Guest of Honors) Dr K D Nayak, DG- Med & Cos & ECS, DRDO; Dr V K Saraswat, Member, NITI Aayog; Dr Ajay Kumar, Jt Secy, Dept of Electronics & IT, GoI; Mr J R K Rao, Jt Secy, MoD; top officials from Army, Police and Defence manufacturers

#### **ACKNOWLEDGEMENT:**

The Board of Directors place on record their sincere thanks for the assistance and continued support extended by the Ministry of Communications & IT and various other Ministries of Central and State Governments where we have operations and look forward for their continued support and co-operation in future.

The support and cooperation by the Comptroller and Auditor General of India, the Statutory Auditors, Branch Auditors, Cost Auditors and Secretarial Auditor needs special mention and directors acknowledge the same.

Your Directors take this opportunity to place on record their appreciation for the dedicated effort put forth by the employees at all level. The gradual turnaround of the Company is made possible by their hardwork, solidarity, Cooperation and Support

For and on behalf of the  
Board of Directors

**(P. K. Gupta)**  
Director Marketing  
Addl Charge Chairman and Managing Director

Place: Bangalore  
Date : 11th August 2016

## ADDENDUM TO THE BOARD OF DIRECTOR'S REPORT

### COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS IN THEIR REPORT

| Point No.                                 | Statutory Auditor's Observations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Company's Remarks                                                                                                                                                                                                                                                    |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Qualifications<br>Not quantifiable:<br>a) | In view of Company's own production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold /disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non-moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements. Aggregate Inventories as at March 31, 2016 were ₹ 13715.15 lakhs against which provision of ₹ 3332.13 lakhs has been made towards non-moving and obsolescence. | Inventory available has been reviewed and provision is made after a review by the technical committee for their usefulness in each unit. The existing provision is found to be adequate                                                                              |
| b)                                        | The Company does not have an adequate mechanism in place to review the balances in trade receivables and in our opinion, there is a need for systematic age wise segregation and analysis including timely adjustment of advances received from customers. In the absence of such reviews and systematic age-wise analysis, we are unable to comment on the adequacy of provision held for doubtful debts and also on the shortfall, if any, on the amount that would be ultimately realizable from the customers. Total Trade Receivables as on March 31, 2016 were ₹ 280824.29 lakhs against which a sum of ₹ 4378.03 lakhs has been provided for doubtful debts.                                                                                                                                                                                                                          | The company is making provision for doubtful debts after review on a case to case basis as per company's accounting policies and the existing provision is found to be adequate. Also efforts are being made to adjust the outstanding advances against the debtors. |
| c)                                        | No provision for the permanent diminution in the value of the Investment of ₹ 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company has been ascertained as required by Accounting Standard 13 on 'Accounting for Investments' read with in the Significant Accounting Policy No.5, in view of the negative net worth and Statutory Auditors of the JV in their Report for the year ended 31.03.2015 have expressed their inability to comment on the going concern concept adopted by the said JV.                                                                                                                                                                                                                                                                                                                                                                       | The assets of the JV company (Land), which has been revalued by the SBI panel valuer carries a value very much more than the cost of the investment. Hence the investment of ₹ 40.55 lakhs has been shown at cost.                                                   |



**COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS IN THEIR REPORT**

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                              |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| d) | Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation(BMTC)(to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC), has not been recognised as income. A sum of ₹ 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 40.17); | The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.                                                                                                                                                                                                            |
| e) | Non provisioning of interest payable on royalty due to C-DoT in lieu of arrears of rent from the same agency for the premises taken on lease from the Company which is being more than the royalty amount (Refer Note No. 40.23);                                                                                                                                                                                                                                         | Interest on royalty payable to C-DoT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time from C-DoT on account of rent payable for the Company's premises leased out to them                                                                              |
| f) | Adequacy of the provisions made towards interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues including Provident Fund, Employees State Insurance and Tax deducted at source as per the provisions of Income Tax Act, 1961 could not be ascertained;                                                      | Where sales are accounted based on provisional prices, differential sales are accounted in the year in which the prices are firmed up and the differential statutory dues are paid/claimed. Also, all known liabilities have been accounted for and there are no cases of non-deduction of TDS to the best of our knowledge. |
| g) | Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTCL) (to an extent of the 5 acres proposed to be leased out to KPTCL is already in the possession of KPTCL), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 40.19)                                                                                                                                                            | Efforts are being made by the company regarding the settlement of KPTCL land issues at the earliest.                                                                                                                                                                                                                         |
| h) | No impairment assessment has been carried out by the Company by reviewing the carrying amount of assets as at the Balance Sheet date as required by Accounting Standard 28 on 'Impairment of Assets' read with Significant Accounting Policy No. 16 of the Company and hence identification of impairment loss and provision thereof, if any, has not been made.                                                                                                          | Noted for compliance.                                                                                                                                                                                                                                                                                                        |
| i) | Our comments on the non-maintenance of proper fixed assets register and no physical verification of fixed assets has been carried out by the Company in a few units as stated in para i(a) and i(b) in the annexure A to this Report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016.                                                                                                               | The management is in the process of building proper fixed assets register in few units . The company is making efforts to conduct physical verification of fixed assets in a few units .                                                                                                                                     |

**COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS IN THEIR REPORT**

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| j)                              | <p>During the year, as referred to in Note No 40.25, the company has adopted the estimated useful life of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013 as against the old estimate as assessed by the management. However in the absence of adequate information available on the used life of the assets and detailed workings supporting the amount of the depreciation charged, we are unable to verify and confirm the correctness of the amount of depreciation charged for the year. Further, in the absence of proper workings, the transitional provision as mentioned in Note 7(b) to Schedule II has not been adopted by the company a sum of Rs. Nil has been adjusted against the retained earnings for the assets whose useful life is expired as on 01 April 2015. Had the company adopted Schedule II in the previous year the effect on the depreciation charge and on the transitional adjustment could not be quantified. Our opinion is modified in respect of these matters.</p>                                                                                                                                      | <p>The management is in the process of identifying the assets whose life is expired as on April 01, 2015 and upon reconciliation of the WDV of those assets whose life is expire would be then transfer to retained earnings.</p>                                                                                                                                                                                                                                                                                                                                                                                        |
| Qualifications quantifiable: a) | <p>Non provision of ₹ 8853.64 lakhs towards claims doubtful of recovery comprising of</p> <p>((i) rent receivable of ₹ 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.40.23);</p> <p>(ii) Liquidated Damages (LD) of ₹ 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi. However in the absence of adequate information to support that the claims are sustainable, we are unable to comment on the carrying value of this claim and the shortfall, if any, on the amount that would be ultimately realized by the Company;</p> <p>iii) LD claimed by Mankapur Unit from MTNL Delhi and MTNL Mumbai for ₹ 183.23 lakhs and ₹ 82.90 lakhs respectively;</p> <p>(iv) Amount recoverable to an extent of ₹ 1690.20 lakhs from HCL Info Systems Limited by Mankapur Unit towards conditional reimbursement as per the agreement between Company and HCL Info Systems Limited.</p> | <p>The company has been rigorously following on with the DoT for resolving the pending issue of the rent due from C-DoT. Subsequently, DoT has informed ITI to present the subject to ITI Board for perusal for the further course of action. Company is of the view that provision for ₹ 5847.90 Lakhs at this juncture is not required till the issue is finally settled. As regards the LD of ₹1049.41 Lakhs, the matter is in the court. Till then, it is felt that no provision is required to make. With regard to other claims amounting to ₹ 1956.33 Lakhs, the company is confident of recovering the same.</p> |
| b)                              | <p>Reversal of provisions created for certain items of expenditure amounting to ₹ 2007.86 lakhs have been made in the books of Mankapur Unit. In the absence of adequate information and reconciliation supporting that provisions are no longer required, the auditors of the said unit have issued a modified opinion.</p> <p>Our opinion is modified in respect of these matters.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Noted and information will be provided.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS IN THEIR REPORT**

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Annexure to The Independent Auditor's Report<br>i (a) | The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information except for the assets located at Bangalore Plant, Bangalore NS Unit, Mankapur Unit and Corporate Office where the records are to be updated in relation to location and adjust for revaluation and be reconciled with the Books of Account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Noted for compliance. |
| b)                                                    | According to the information and explanations given to us and on the basis of the Report of the Other Auditors, except for the fixed assets located at the Bangalore Plant, Bangalore NS Unit, Rae Bareli, Palakkad Unit and Corporate Office, fixed assets at all other locations have been physically verified by the management and no material discrepancies were noticed on such verification. Pending physical verification of fixed assets at the above referred locations, discrepancies, if any, cannot be ascertained and accounted for.                                                                                                                                                                                                                                                                                                                                                                                                                             | Noted for compliance. |
| c)                                                    | We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the units where we have audited are not made available to us and in the absence of the specific comment on the same by the other Auditors in their Report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Noted for compliance. |
| ii.                                                   | <p>According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at</p> <ul style="list-style-type: none"> <li>• Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support the assessment of the reasonableness of the intervals of verification;</li> <li>• NSU Unit &amp;</li> <li>• Raebareli Unit</li> </ul> <p>According to the information and explanations given to us and based on the Report of the Other Auditors, no material discrepancies were noticed on physical verification of the inventories at the locations where Management had carried out physical verification. However, at Bangalore Plant since documents supporting the comparison of physical stocks with book records are not made available, we are unable to comment on the discrepancies.</p> | Noted for compliance. |
| iii)                                                  | According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore paragraph 3(iii) of the Order is not applicable to the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Noted .               |

**COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS IN THEIR REPORT**

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                       |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| iv)  | The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans provided to the parties covered under Section 186.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Noted .               |
| v)   | The Company has not accepted deposits from public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Noted                 |
| vi)  | We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Noted                 |
| vii) | <p>(a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of ₹ 1578.60 lakhs and ₹ 8525.76 lakhs and ₹ 4327.65 lakhs and ₹ 721.49 lakhs pending as arrears pertaining to Provident Fund in the books of Naini, Raebareli, Mankapur and Bangalore Plant units respectively, and further a sum of ₹1.23 lakhs pending as arrears towards Employees State Insurance pertaining to Bangalore NS Unit and further a sum of ₹ 117.72 lakhs pending as arrears towards U.P Trade Tax on Sales in the books of Rae bareli which are not disputed and are outstanding for a period of more than six months from the date they became payable. We have been informed that Sales Tax &amp; Service Tax liabilities on sales set up on provisional basis are not recognised &amp; accounted.</p> <p>b) According to the information and explanations given to us and based on the Report of the Other Auditors, statutory dues that have not been deposited with the appropriate authorities on account of any dispute are as follows:</p> | Noted for compliance. |

**Company's replies to Secretarial Auditor's observation in Secretarial Audit Report:**

| <b>Secretarial Auditor's Observation</b>                                                                                                                                                                                                                                                                                                       | <b>Company's reply</b>                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pursuant to Section 149 (4) of the Act every listed public Company shall have at-least one-third of the total number of Directors as Independent Directors. However, the company is having only one Independent Director on its Board for the Financial Period under review.                                                                   | The Company is a Government Company and as per Articles of Association of the Company, the power to appoint Directors including Independent Directors vests with the President of India. The issue relating to appointment of required number of independent directors is taken up with the Ministry of Communications & IT, Administrative Ministry. The appointment is in process. |
| The company has constituted the Audit Committee but the composition of the Committee is not in accordance with Section 177 read with Rule 6 of Companies (Meeting of Board and its Power) Rules, 2014 as there is only one Independent Director on the Board of the Committee not forming a majority of Independent Directors in the committee | In the absence of required number of independent directors on Board, the requirements as prescribed could not be complied with.<br>On appointment of required number of Independent Directors on Board, the Committee would be reconstituted as per prescribed regulations.                                                                                                          |
| Non maintenance of proper fixed assets register                                                                                                                                                                                                                                                                                                | Noted for compliance                                                                                                                                                                                                                                                                                                                                                                 |
| Composition of Board of Directors of the company is not in accordance with Clause 49 of the Listing Agreement and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as only one Independent Director is there on the Board.                                                                               | In the absence of required number of independent directors on Board, the requirements as prescribed could not be complied with.<br>On appointment of required number of Independent Directors on Board, the prescribed regulations will be complied with.                                                                                                                            |

For and on behalf of the  
Board of Directors

**(P.K. Gupta)**  
Director Marketing /  
Addl Charge Chairman and Managing Director

Place: Bangalore  
Date : 11th August 2016

## ANNEXURE TO THE BOARD OF DIRECTOR'S REPORT

### Form AOC-1

#### Statement containing salient features of the financial statement of Joint Ventures

#### Part "A": Subsidiaries –Not applicable

#### Part "B": Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

| Sl.No | Name of Joint Ventures                                                     | India Satcom Limited                                         |
|-------|----------------------------------------------------------------------------|--------------------------------------------------------------|
| 1     | Latest audited Balance Sheet Date                                          | 31.03.2015                                                   |
|       | Shares of Joint Ventures held by the company on the year end               |                                                              |
| 2     | Number                                                                     | 16,21,800 equity shares of ₹ 10 each                         |
| 3     | Amount of Investment in Associates/Joint Venture                           | ₹. 40.55 Lacs                                                |
| 4     | Extend of Holding%                                                         | 49%                                                          |
| 5     | Description of how there is significant influence                          | Investment in the equity to the extent of 49% paidup capital |
| 6     | Reason why the associate/joint venture is not consolidated                 | Accounts of ISL are not yet finalised                        |
| 7     | Net worth attributable to shareholding as per latest audited Balance Sheet | Accounts of ISL are not yet finalised                        |
| 8     | Profit/Loss for the year                                                   |                                                              |
|       | i. Considered in Consolidation                                             | Accounts of ISL are not yet finalised                        |
|       | ii. Not Considered in Consolidation                                        | Accounts of ISL are not yet finalised                        |

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### Section 134 of the Companies Act, 2013 read with the Company's (Accounts) Rules, 2014:

##### A. CONSERVATION OF ENERGY:

(a) Energy conservation measure taken:

##### The Company has under taken following energy saving measures:

1. Recommendations of Bureau of Energy Efficiency have been implemented from time to time.
2. Optimum usage of Plant Utilities.
3. Monitoring of power factor at regular interval.
4. Replacement of old high capacity equipments with multiple optimum size capacity energy efficient ones.
5. Replace conventional electro-magnetic ballast fluorescent fitting with electronic ballast fluorescent tri- phosphate lamp fitting.
6. Running time of various tube wells / Compressors has been rationalized.
7. Replacement of old and less energy efficient UPS by portable small capacity UPS.



8. Offloading of Central Air-conditioning plant in winter season.
9. Use of timer control devices in street lighting, etc.
10. Diverting the load on single transformer to reduce no-load losses.
10. Training Programmes /competitions among employees to create awareness on energy conservation.
12. Usage of CFL / LED Bulbs in factory and township street lighting.
13. Relocation and Merger of departments for reducing the energy consumption.
  - b. Steps taken by Company for utilizing alternate sources of energy and
  - c. Capital investment on energy conservation equipments

Considering the Company's financial situation, Company has not been able to invest for alternate sources of energy since this requires significant amount of investment.

## **B. TECHNOLOGY ABSORPTION:**

### **RESEARCH & DEVELOPMENT (R&D) 2015-16**

#### **(i) Efforts made towards Technology Absorption:**

##### **Specific areas of R&D work.**

- a) Design and Development of Secrecy products for various Defence projects.
- b) Design and development of Telemetry products , Wireless, Access, NMS &Telephones
- c) Development of Algorithms
- d) Support for legacy secrecy products supplied to Defence
- e) Value addition of the existing products.
- f) Provide Network & Security Solution designs.

#### **(ii) Benefits derived as a result of the above R&D.**

- a) The following R&D Products were productionised which contributed more than (₹ 4.8 Crs (Rupees Four Crores Eighty Lakhs) to the turnover of the Company.
  - 1) PRIMARY MUX & Spares
  - 2) E3 Secrecy
  - 3) FIELD TELEPHONES (Teleset 5 C )/ Nutan
  - 4) Executive Telephone System ( ETS -04)
  - 5) Spares for Sound Power Telephones (SPT)
  - 6) 2MBps BEU
- b) Successfully conducted confirmatory trials of TESD in DCN Network  
Got Bulk production Clearance.  
Bulk Production of TESD in progress ( For executing order worth ₹ 33 crs)
- c) 1 Gigabit Encryptor developed and ready for marketing.
- d) Technical support extended for CQAL evaluation of Ruggedized secrecy for 2 Mbps PCM Mux and obtained Bulk Production clearance
- e) Bulk production for 2 Mbps Ruggedized secrecy in progress ( order worth 42.7 Crs)

(iii) **Imported Technology (Imported during last three years reckoned from the beginning of the financial year) - Nil**

**(iv) PLAN OF ACTION:**

**a. The following products are under development**

- i. 10 Gig Ethernet Encryptor - Development is in final stage, Waiting for BSNL QA / NFS evaluation (as part of Multi Capacity Encryption Unit - MCEU)
- ii. STM-16 & STM-64 - Development completed . Waiting for BSNL QA / NFS evaluation (as part of MCEU)
- iii. 1 Gig Ethernet Encryptors - Development in final stage. Waiting for BSNL QA / NFS evaluation (as part of MCEU)
- iv. OTU-1 & OTU-2 Encryptors - In study phase as a part of MCEU

**b. Upgradation of R&D infrastructure as part of ITI's Revival Plan ( Test Instruments, software tools etc.) in progress**

Future Projects to be considered for Development

- a) Mobile Handset Encryption
- b) Encryption for Software Defined Radio (SDR)

**(v) R&D Expenditure**

|            |         |                                      |
|------------|---------|--------------------------------------|
| a) Capital | ₹ 17.23 | Crores ( Under Capex of ITI Revival) |
| b) Revenue | ₹ 16.38 | Crores                               |
| TOTAL      | ₹ 33.61 | Crores                               |

Total R&D Expenditure as a percentage of total turnover (Excluding Excise Duty and Services Tax) : 2.83 %

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- (i) Activities relating to exports, initiative taken to increase exports, development of new Export markets for products and services and export plans;
- (ii) Total Foreign Exchange earning and outgo:

|          |   |                 |
|----------|---|-----------------|
| Earnings | : | ₹ NIL           |
| Outgo    | : | ₹ 2658.56 Lakhs |

For and on behalf of the  
Board of Directors

**(P.K. Gupta)**  
Director Marketing /  
Addl Charge Chairman and Managing Director

Place: Bangalore  
Date : 11th August 2016

## ANNEXURE TO THE BOARD OF DIRECTOR'S REPORT

### REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:-

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen believes in adhering to the highest standards of Corporate Governance.

#### 2. BOARD OF DIRECTORS:-

The Company is managed by a Board of Directors, which formulates strategies, policies and reviews its performance periodically. As on 31st March 2016, Board of Directors comprises of 4 functional directors, 2 Part time Official Government Nominee Directors and 1 Part time Non-Official Independent Director. Director Marketing is entrusted with the additional charge as Chairman and Managing Director.

The Company is a Government Company and as per its Articles of Association, the power to appoint the Directors on the Board vests with the President of India. The Company does not have sufficient number of independent Directors as required under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and DPE guidelines. The requirement for appointment of required number of independent directors has been taken up with Ministry of Communications & IT and the appointment is in process.

During the year under review, 6 Board Meetings were held on 29.05.2015, 11.08.2015, 23.09.2015, 09.11.2015, 19.12.2015 and 10.02.2016.

The composition of Directors, their attendance at the board meetings during the financial year and at the last Annual General Meeting as also number of other directorships /committee membership held by them are as follows:

| Name of the Directors & DIN                               | Category of Directorship                            | Meeting held during respective tenure of Director | No. of Board Meeting attended | Attendance at last AGM | Number of Other Directorship | No. of Committees in which Chairman / Member |
|-----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|-------------------------------|------------------------|------------------------------|----------------------------------------------|
| Shri .K.L. Dhingra<br>(DIN:00388194)                      | Chairman and Managing Director<br>(upto 04.06.2015) | 1                                                 | 1                             | N.A                    | --                           | --                                           |
| Shri K.K. Gupta <sup>1</sup><br>(DIN: 03092622)           | Director-Production<br>(upto 31.10.2015)            | 3                                                 | 3                             | Yes                    | --                           | --                                           |
| Shri P.K.Gupta <sup>2</sup><br>(DIN: 06896959)            | Director Marketing /<br>Addl. Charge CMD            | 6                                                 | 6                             | Yes                    | 1                            | --                                           |
| Shri S. Gopu <sup>3</sup><br>(DIN: 06896926)              | Director HR                                         | 6                                                 | 5                             | Yes                    | 1                            | --                                           |
| Dr Janaki Ananthakrishnan <sup>4</sup><br>(DIN: 07247256) | Director Finance                                    | 6                                                 | 5                             | Yes                    | 1                            | 2                                            |
| Shri K Alagesan<br>(DIN: 07439659)                        | Director Production<br>(from 29.01.2016)            | 1                                                 | 1                             | N.A                    | --                           | --                                           |
| Shri Srikanta Panda<br>(DIN: 06992506)                    | Govt. Nominee<br>(from 29.07.2015 to<br>08.06.2016) | 5                                                 | 5                             | No                     | --                           | 2                                            |
| Lt.Gen.Nitin Kohli<br>(DIN: 06785394)                     | Govt. Nominee                                       | 6                                                 | --                            | No                     | 1                            | --                                           |

|                                               |                                        |   |   |     |    |    |
|-----------------------------------------------|----------------------------------------|---|---|-----|----|----|
| Shri Saday Krishna Kanoria<br>(DIN: 00623266) | Independent Director (from 24.11.2015) | 2 | 1 | N.A | 1  | 1  |
| Shri Dharendra Singh<br>(DIN: 00852815)       | Independent Director (upto 02.10.2015) | 3 | 2 | No  | -- | -- |
| Dr. M.J. Zarabi<br>(DIN: 00648928)            | Independent Director (upto 02.10.2015) | 3 | 2 | Yes | -- | -- |
| Prof. Ramesh Bhat<br>(DIN: 01958539)          | Independent Director (upto 02.01.2016) | 5 | 3 | No  | -- | -- |

<sup>1</sup>Shri K K Gupta, then Director Production was granted Additional charge as Chairman and Managing Director w.e.f 04.06.2015 and relinquished his position as Director on 31.10.2015 on attaining age of superannuation.

<sup>2</sup>Shri P K Gupta, Director Marketing was granted Additional charge as Chairman and Managing Director w.e.f 01.11.2015

<sup>3</sup>Shri S Gopu, Director HR was granted additional charge as Director Production from 01.11.2015 and held the position till 28.01.2016

<sup>4</sup>Dr Janaki Ananthkrishnan, appointed as Government Director in the place of Shri R K Mishra, w.e.f 13.05.2015. Dr Janaki Ananthkrishnan, was subsequently appointed as Director Finance and took charge on 13.07.2015.

**Note:**

- Details of other directorship and committee membership are reckoned as on 31-03-2016
- Chairmanship/membership of the Audit Committee and the Stakeholders Relationship Committee are only reckoned with.
- As per the declarations received, none of the Non-executive Directors are holding any equity shares in the Company.
- None of the Directors / Key Managerial Personnels are interse related as on 31-03-2016.

### 3. AUDIT COMMITTEE

The Audit Committee consisted of Shri Ramesh Bhat, Independent Director as its Chairman and Shri Dharendra Singh, Dr.M.J.Zarabi and Shri K.K.Gupta as its member. Subsequent to completion of tenure of Shri Ramesh Bhat, Shri Dharendra Singh, Dr.M.J.Zarabi and superannuation of Shri K K Gupta, the audit committee was reconstituted on 10.02.2016 with Shri Saday Krishna Kanoria, Independent Director as Chairman, Shri Srikanta Panda and Dr Janaki Ananthkrishnan as Members. The Company Secretary is the Secretary to the Audit Committee.

The Company does not have sufficient number of independent directors and hence the composition and quorum of Audit Committee is not as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines from 03.10.2015.

Dr M J Zarabi Independent Director was authorised by Chairman of Audit Committee to attend the Annual General Meeting of the Company held on 23.09.2015 and AGM was attended by Dr M J Zarabi.

The terms of reference of the Audit Committee are in compliance with the Section 177 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance

During the year-ended 31.03.2016 the Audit Committee met 3 times on 29.05.2015, 11.08.2015, and 10.02.2016.

The details of attendance of members for the Audit Committee meetings held during the year 2015-16 are as under:

| Name                                         | Meeting held during respective tenure of Director | No. of meetings attended |
|----------------------------------------------|---------------------------------------------------|--------------------------|
| Shri Dharendra Singh (upto 02.10.2015)       | 2                                                 | 2                        |
| Dr.M.J.Zarabi (upto 02.10.2015)              | 2                                                 | 1                        |
| Prof. Ramesh Bhat (upto 02.01.2016)          | 2                                                 | 2                        |
| Shri K.K.Gupta (upto 31.10.2015)             | 2                                                 | 2                        |
| Shri Saday Krishna Kanoria (from 10.02.2016) | 1                                                 | 1                        |
| Sri Srikanta Panda (from 10.02.2016)         | 1                                                 | 1                        |
| Dr.Janaki Ananthakrishnan (from 10.02.2016)  | 1                                                 | 1                        |

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of Shri Saday Krishna Kanoria as Chairman, Shri Srikanta Panda and Lt.Gen. Nitin Kohli as Members. As already stated, due to absence of required number of independent directors the Composition is not as per Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines.

The Company being Government Company as per the Companies Act, 2013 the terms of reference to the Committee is limited to Senior Management i.e one level below board and as per DPE guidelines for payment of performance related pay. Accordingly the need to meet for the Committee does not arise.

ITI is a central Public Sector Undertaking, where appointment of Executive directors including Chairman and Managing Director is contractual in nature and their appointment is as per directives of Government of India. The remuneration of Part time Official Nominee directors are governed by their respective rules. Sitting fees are paid to Independent Directors.

As the appointment of all directors (Executive, Non-Executive and Independent) is made by Government of India, the Company has not laid down any criteria for evaluation of performance of Independent and Board of Directors.

#### REMUNERATION OF DIRECTORS

##### (i) Remuneration to Whole-time Directors

The remuneration paid to Whole-time Directors for the financial year 2015-16 are as follows:

(Remuneration in ₹)

| Staff No | Name of the Director       | Salary  | P.F. Contribution | Total   | Perquisites |
|----------|----------------------------|---------|-------------------|---------|-------------|
| 00001    | Shri K.L. Dhingra          | 750496  | 37070             | 787566  | 45914       |
| 19968    | Shri K.K. Gupta            | 1394795 | 83006             | 1477801 | 103022      |
| 20036    | Shri P.K. Gupta            | 1161189 | 138910            | 1300099 | 172378      |
| 20030    | Shri S.Gopu                | 1104636 | 132126            | 1236762 | 163899      |
| 20050    | Dr. Janaki Ananthakrishnan | 1248165 | 0                 | 1248165 | 161240      |
| 00971F   | Shri K.Alagesan            | 185280  | 22162             | 207442  | 27642       |

Neither there was payment of commission to the Board of Directors nor any stock option scheme offered to them during the year. The service contracts, notice period, severance fees etc of the Directors are as per the terms of appointment made by Government of India.

**(ii) Part-time Government Directors' compensation:**

Part-time Government Directors are not paid any remuneration including sitting fee for attending Board/Committee meetings.

**(iii) Independent Directors' compensation:**

The Independent Directors are paid sitting fees of ₹ 3000/- for attending Board/Committee Meetings. The details of sitting fees paid to Independent Directors during the year under review are as follows:

| Name of the Director       | Board meeting | Committee Meetings |
|----------------------------|---------------|--------------------|
| Shri Dharendra Singh       | 6000          | 9000               |
| Dr M J Zarabi              | 6000          | 6000               |
| Prof Ramesh Bhat           | 9000          | 9000               |
| Shri Saday Krishna Kanoria | 3000          | 3000               |

**5. SHARES AND BONDS TRANSFER COMMITTEE:**

The Shares and Bonds Transfer Committee comprised of Shri K.L.Dhingra as Chairman and Shri K.K.Gupta, Director-Production as member. The Shares and Bonds Transfer Committee approves transfer/transmission of shares / bonds, de-mat, re-mat, issue of duplicate share certificate, split/consolidation proposals and other related work. Company Secretary is the Compliance Officer. Keeping in view the requirements to complete the transfer of share within 15 days, the Board at its 419th meeting held on 11.08.2015, authorised M/s Integrated Enterprises (India) Limited., the Registrar and Share Transfer Agent of the Company, to consider and approve all the applications relating to physical shares for transfer, transmission, de-mat, re-mat, etc., . Accordingly, Shares and Bonds Transfer Committee stands dissolved.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

In terms of the provisions of the Companies Act, 2013, the Company constituted Stakeholders Relationship Committee to look into the redressal of Stakeholders/Investors grievance and review the action taken by the Company.

Initially the Committee was constituted with Shri M J Zarabi as its Chairman and Shri P K Gupta as its Member. Subsequently due to the completion of tenure of Dr M J Zarabi, the Board in its 421st Board meeting held on 09.11.2015 reconstituted the Committee with Shri Srikanta Panda and Director Finance as its members. Company Secretary is the Compliance Officer.

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. As per information received from our Registrar and Share Transfer Agent there were no complaints received during the year under the review.

**7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As per Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (CSR) has been constituted with Director HR as its Chairman and Director Finance and Shri Saday Krishna Kanoria, Independent Director as members to examine the proposals for the approval of CSR plan and review the implementation / execution of the plan. The policy on Corporate Social Responsibility is under finalization.



## 8. INDEPENDENT DIRECTORS' MEETING

As per requirements of the Companies Act, 2013, Independent Directors met on 11.08.2015 and all the Independent Directors viz., Shri Dharendra Singh, Dr M J Zarabi and Prof Ramesh Bhat were present at the meeting.

## 9. TRAINING OF BOARD MEMBERS

The new Board members are provided with the familiarization programmes on Company's business model, procedures and practices and also provided with necessary documents, brochures and reports to keep the Directors abreast of the necessary information relating to the Company. Details of familiarisation program given to independent directors can be viewed in [www.ilttd-india.com/financial\\_information](http://www.ilttd-india.com/financial_information). Further, the Board members are nominated for various outside training programmes on corporate governance and other Board related topics from time to time.

## 10. CODE OF CONDUCT :

The Company is committed towards conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A copy of the Code has been placed on the Company's website [www.ilttd-india.com](http://www.ilttd-india.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

## 11. ITI CODE FOR PREVENTION OF INSIDER TRADING:

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board has approved the "ITI code of conduct to Regulate, Monitor and Report Trading by Insiders and for fair disclosure" in dealing with the Securities of ITI". The objective of the Code is to prevent purchase and/ or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company's shares/derivatives of the Company during the closure of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Directors/ Advisors/ Officers/ designated employees are also required to disclose related information periodically as defined in the Code.

## 12. WHISTLE BLOWER POLICY

ITI has "Whistle Blower Policy" for reporting to management any instances of unethical behaviour, actual or suspected fraud or violation of the matters concerning the Company.

## 13. DISCLOSURES

- (a) During the year under review Company did not enter into any contracts, arrangements and transactions with any related party which are not at arm's length basis. The policy on Related Party Transactions is available at <http://www.ilttd-india.com/FinancialInformation/RelatedPartyTransactionPolicy>. It may be noted that there was no related party transaction reported during the year involving the directors, key managerial personnel and senior management personnel under Related Party Transaction policy. Senior management have affirmed to the board that their personal interest in all material, financial and commercial transactions had no potential conflict with the interests of the company at large.
- (b) No penalties/strictures were imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.
- (c) The Company has an independent Vigilance Department, headed by a Chief Vigilance Officer. 'Drop Boxes' have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants. The Company has adopted Whistle Blower policy, as part of vigil mechanism for reporting to the management instances of unethical behavior, actual or suspected, fraud, or violation of the matters concerning the Company. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

#### 14. GENERAL BODY MEETINGS:

The dates, time and venue of the previous Annual / \*Extra-Ordinary General Meetings held during the last three years are given below:

| YEAR       | DATE       | TIME       | VENUE                             |
|------------|------------|------------|-----------------------------------|
| 2012-2013  | 27.09.2013 | 11.30 A.M. | BANGALORE TAMIL SANGAM, BANGALORE |
| 2013-2014  | 26.09.2014 | 11.30 A.M. | BANGALORE TAMIL SANGAM, BANGALORE |
| 2014-2015* | 09.01.2015 | 11.30 A.M. | BANGALORE TAMIL SANGAM, BANGALORE |
| 2014-2015  | 23.09.2015 | 11.30 A.M. | BANGALORE TAMIL SANGAM, BANGALORE |

All the resolutions, set out in the respective notices of last three Annual General Meetings were passed by the shareholders. No Special resolution was passed in previous three Annual General Meetings. No resolution was put through postal ballot during year under review. Any decisions on matters requiring approval of shareholders to Postal Ballot system will be obtained as per procedures laid down in the Act.

#### 15. MEANS OF COMMUNICATION:

The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The quarterly financial results are generally published in Business Standard, Sanjevani (Kannada) and Dakshin Bharat Rashtramath (Hindi). The financial results are also made available in the Company's website- [www.itiltd-india.com](http://www.itiltd-india.com). The Company's official news releases are also being made available in the Company's website in addition to furnishing the same to National Stock Exchange and Bombay Stock Exchange. No presentation has been made to institutional investors or analysts.

#### 16. GENERAL SHAREHOLDERS INFORMATION:

The 66th Annual General Meeting of the members of the company is scheduled to be held on Wednesday, the 21st September 2016 at 11.30 A.M. at Bangalore Tamil Sangam, Bangalore - 560 054.

##### Financial Calendar

|                                                                                      |                                                    |
|--------------------------------------------------------------------------------------|----------------------------------------------------|
| Un - Audited results for the quarter ending 30th June, 30th September, 31st December | Within 45 days from the end of the quarter         |
| Audited Yearly results                                                               | Within 60 days from the end of the financial year. |

##### Listing on Stock Exchanges and payment of listing fees

Company's equity shares are presently listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid listing fee up to the year 2016-17 to BSE and NSE.

##### Stock code

| Name of the Stock Exchange            | Stock Code |
|---------------------------------------|------------|
| The Bombay Stock Exchange Ltd.        | 523610     |
| National Stock Exchange of India Ltd. | ITI        |

### Stock Market Data

The details of high / low market prices of the shares of the Company during each month on BSE and NSE are as under:

| Month          | BSE<br>(₹ Per Share) |       | NSE<br>(₹ Per Share) |       |
|----------------|----------------------|-------|----------------------|-------|
|                | High                 | Low   | High                 | Low   |
| April 2015     | 25.35                | 19.70 | 21.10                | 20.55 |
| May 2015       | 22.85                | 19.50 | 21.15                | 20.50 |
| June 2015      | 25.05                | 19.05 | 22.25                | 21.35 |
| July 2015      | 30.35                | 22.35 | 27.30                | 26.00 |
| August 2015    | 33.20                | 21.75 | 24.45                | 23.30 |
| September 2015 | 26.50                | 21.80 | 24.45                | 23.30 |
| October 2015   | 30.50                | 23.50 | 27.10                | 26.35 |
| November 2015  | 31.50                | 25.50 | 31.15                | 30.45 |
| December 2015  | 33.95                | 27.50 | 30.95                | 30.50 |
| January 2016   | 34.90                | 24.80 | 27.70                | 26.30 |
| February 2016  | 29.90                | 22.90 | 24.10                | 22.75 |
| March 2016     | 27.15                | 22.70 | 24.60                | 23.80 |

### Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 13.09.2016 to 21.09.2016 (both days inclusive)

### Registrar and Share Transfer Agent

M/s.Integrated Enterprises (India) Ltd., is the Registrar and Share Transfer Agent for the Company. The details of their address, contact numbers are as under

#### M/s Integrated Enterprises (India) Ltd.

30, Ramana Residency,

4th Cross, Sampige Road,

Malleswaram, Bangalore 560 003.

Phone No.: 080- 23460815-818

Fax: 080 23460819 E-Mail: [irg@integratedindia.in](mailto:irg@integratedindia.in)

### Share Transfer System

The share transfer requests lodged with the Company / Share transfer agent are processed by the Company's Share Transfer Agent. Transfer of dematerialized shares is done through the depositories. For matters regarding shares transferred in physical form, share certificates, change of address, etc., the shareholders should communicate with the Share Transfer Agent.

**Shareholding Pattern ( Equity)**

| Name                             | No. of Shares of<br>₹ 10/- each | Amount<br>₹          | Percentage    |
|----------------------------------|---------------------------------|----------------------|---------------|
| President of India ( GoI)        | 25,88,87,500                    | 2,58,88,75,000       | 89.89         |
| Governor of Karnataka (GoK)      | 3,12,500                        | 31,25,000            | 0.11          |
| <b>Disinvested portion :</b>     |                                 |                      |               |
| Special National Investment Fund | 85,80,690                       | 8,58,06,900          | 2.98          |
| General Public                   | 2,02,19,310                     | 20,21,93,100         | 7.02          |
| <b>TOTAL</b>                     | <b>28,80,00,000</b>             | <b>288,00,00,000</b> | <b>100.00</b> |

**Distribution of Shareholding as on 31.03.2016:**

| Sl.No        | Description  | Holders      | % of Holders  | Holdings         | % of Holdings |
|--------------|--------------|--------------|---------------|------------------|---------------|
| 1            | 1-500        | 32123        | 85.62         | 5232764          | 1.82          |
| 2            | 501-1000     | 2936         | 7.83          | 2528424          | 0.88          |
| 3            | 1001-2000    | 1303         | 3.47          | 2064566          | 0.72          |
| 4            | 2001-3000    | 397          | 1.06          | 1038643          | 0.36          |
| 5            | 3001-4000    | 166          | 0.44          | 601792           | 0.21          |
| 6            | 4001-5000    | 197          | 0.53          | 948909           | 0.33          |
| 7            | 5001-10000   | 231          | 0.62          | 1718613          | 0.60          |
| 8            | 10001& above | 163          | 0.43          | 273866289        | 95.09         |
| <b>TOTAL</b> |              | <b>37516</b> | <b>100.00</b> | <b>288000000</b> | <b>100.00</b> |

**Dematerialization of shares and liquidity:**

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') 28,12,68,555 shares and Central Depository Services (India) Limited ('CDSL') 57,16,379 shares are dematerialized. The shares held by President of India are in dematerialized form (25,88,87,500 shares representing 89.89%) and Governor of Karnataka (3,12,500 shares representing 0.11%) are in physical form. The Company has a shareholders base of 37516.

The Company's shares are being traded under International Securities Identification Number (ISIN) –INE 248A01017

**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

No GDRs/ADRs/Warrants or any convertible instruments have been issued by the Company and hence there would not be any impact on the equity.

**Plant Locations:**

ITI Limited has Bangalore plant in the State of Karnataka, Palakkad plant in the State of Kerala, Rae Bareilly plant, Naini plant and Mankapur plant in the State of Uttar Pradesh and Srinagar plant in state of Jammu and Kashmir.

**Address for correspondence with the Company:**

Shareholders/Investors may send their correspondence to the Company Secretary, M/s. ITI Limited, ITI Bhavan, Doorvaninagar, Bangalore- 560016, Karnataka, India

**Green Initiative:**

As part of the Green Initiative, the Ministry of Corporate Affairs (MCA), Government of India, has permitted companies to send official documents to their shareholders electronically. The Company has already embarked on this initiative.

In accordance with MCA Circular No.17 /2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/ DP. This would enable the Company to send notices and documents to the shareholders through email. There are about 17301 shareholders consented to receive the notice, annual reports, etc., in e-mode.

**17. COMPLIANCE**

- (i) Your Company submits quarterly corporate governance compliance reports as per prescribed format to the Ministry of Communications & IT and Stock Exchanges within 15 days from the close of quarter.
- (ii) Further, your Company submits a grading report on the compliance with the Corporate Governance with MoC & IT on quarterly and annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 92% for the year 2015-16.

**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

|    |                                                                            |                                                                                                                                                                                                    |
|----|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | CIN                                                                        | L32202KA1950GOI000640                                                                                                                                                                              |
| 2. | Registration Date                                                          | 25.01.1950                                                                                                                                                                                         |
| 3. | Name of the Company                                                        | ITI Limited                                                                                                                                                                                        |
| 4. | Category/Sub-category of the Company                                       | Public Limited Company/ Union Government Company / Company Limited by Shares                                                                                                                       |
| 5. | Address of the Registered office & contact details                         | ITI Bhavan, Doorvani Nagar, Bangalore -560 016<br>Ph: 080-25617486, FAX : 080-25618286<br>Email : cosecy_crp@itilttd.co.in<br>Website : www.itilttd-india.com                                      |
| 6. | Whether listed company                                                     | Yes                                                                                                                                                                                                |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Intergrated Enterprises (India) Ltd,<br>30, Ramana Residency, 4th cross,<br>Sampige Road, Malleswaram,<br>Bangalore – 560 003. Ph: 080-23460815.<br>Fax-080-23460819 Email: irg@integratedindia.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--------------------------------------------------|----------------------------------|------------------------------------|
| 1      | Telephone communication services                 | 7520                             | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| Sl. No. | Name and Address of the Company | CIN/GLN               | Holding/ Subsidiary / Associate | % of Shares Held | Applicable Section |
|---------|---------------------------------|-----------------------|---------------------------------|------------------|--------------------|
| 1       | India Satcom Limited            | U85110KA1987PLC008639 | Joint Venture                   | 49%              | 2(6)               |



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**(A) Category-wise share holding**

| Category of Shareholders                                  | No. of Shares held at the beginning of the year[As on 01-April-2015] |               |                  |                   | No. of Shares held at the end of the year[As on 31-March-2016] |               |                  |                   | % Change during the year |
|-----------------------------------------------------------|----------------------------------------------------------------------|---------------|------------------|-------------------|----------------------------------------------------------------|---------------|------------------|-------------------|--------------------------|
|                                                           | Demat                                                                | Physical      | Total            | % of Total Shares | Demat                                                          | Physical      | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>                                       |                                                                      |               |                  |                   |                                                                |               |                  |                   |                          |
| <b>(1) Indian</b>                                         | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| a) Individual/ HUF                                        | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| b) Central Govt or State Govt(s) or State Govt(s)         | 258887500                                                            | 312500        | 259200000        | 90.00             | 258887500                                                      | 312500        | 259200000        | 90.00             | -                        |
| c) Bodies Corp.                                           | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| d) Banks / FI                                             | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| e ) Any other                                             | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| <b>SUB TOTAL:(A) (1)</b>                                  | <b>258887500</b>                                                     | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>258887500</b>                                               | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>-</b>                 |
| <b>(2) Foreign</b>                                        |                                                                      |               |                  |                   |                                                                |               | -                | -                 | -                        |
| a) NRI- Individuals                                       | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| b) Other Individuals                                      | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| c) Bodies Corp.                                           | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| d) Banks/FI                                               | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| e) Any other...                                           | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| <b>SUB TOTAL (A) (2)</b>                                  | <b>-</b>                                                             | <b>-</b>      | <b>-</b>         | <b>-</b>          | <b>-</b>                                                       | <b>-</b>      | <b>-</b>         | <b>-</b>          | <b>-</b>                 |
| <b>Total Shareholding of Promoter (A)= (A) (1)+(A)(2)</b> | <b>258887500</b>                                                     | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>258887500</b>                                               | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>-</b>                 |
| <b>B. Public Shareholding</b>                             |                                                                      |               |                  |                   |                                                                |               |                  |                   |                          |
| <b>(1) Institutions</b>                                   |                                                                      |               |                  |                   |                                                                |               |                  |                   |                          |
| a) Mutual Funds                                           | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |
| b) Banks/FI                                               | 82175                                                                | 22500         | 104675           | 0.04              | 54419                                                          | 21700         | 76119            | 0.01              | -0.03                    |
| c) Central Govt.                                          | 8580690                                                              | -             | 8580690          | 2.98              | 8580690                                                        | -             | 8580690          | 2.98              | -                        |
| d) State Govt.                                            | -                                                                    | -             | -                | -                 | -                                                              | -             | -                | -                 | -                        |

|                                                                                   |                  |                |                  |             |                  |                |                  |               |              |
|-----------------------------------------------------------------------------------|------------------|----------------|------------------|-------------|------------------|----------------|------------------|---------------|--------------|
| e) Venture Capital Fund                                                           | -                | -              | -                | -           | -                | -              | -                | -             | -            |
| f) Insurance Companies                                                            | 1142157          | 800            | 1142957          | 0.40        | 1142157          | 800            | 1142957          | 0.40          | -            |
| g) FIIS                                                                           | 224600           | -              | 224600           | 0.08        | 24600            | -              | 24600            | 0.01          | -0.07        |
| h) Foreign Venture Capital Funds                                                  | -                | -              | -                | -           | -                | -              | -                | -             | -            |
| i) Others (specify)                                                               | -                | -              | -                | -           | -                | -              | -                | -             | -            |
| <b>SUB TOTAL (B)(1):</b>                                                          | <b>10029622</b>  | <b>22500</b>   | <b>10052122</b>  | <b>3.49</b> | <b>9801866</b>   | <b>22500</b>   | <b>9824366</b>   | <b>3.41</b>   | <b>-0.08</b> |
| (2) Non Institutions                                                              |                  |                |                  |             |                  |                |                  |               |              |
| a) Bodies corporates                                                              |                  |                |                  |             |                  |                |                  |               |              |
| i) Indian                                                                         | 2258225          | 29300          | 2287525          | 0.79        | 1552898          | 28000          | 1580898          | 0.55          | -0.24        |
| ii) Overseas                                                                      | -                | -              | -                | -           | -                | -              | -                | -             | -            |
| b) Individuals                                                                    |                  |                |                  |             |                  |                |                  |               |              |
| i) Individual shareholders holding nominal share capital upto ₹1 lakhs            | 12458422         | 653926         | 13112348         | 4.55        | 12533505         | 637866         | 13171371         | 4.57          | 0.02         |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs | 2619098          | -              | 2619098          | 0.91        | 3672489          | -              | 3672489          | 1.28          | 0.37         |
| c) Others (specify)                                                               |                  |                |                  |             |                  |                |                  |               |              |
| NRI                                                                               | 173946           | 14200          | 188146           | 0.07        | 177146           | 14200          | 191346           | 0.07          | -            |
| Clearing Member                                                                   | 467061           | -              | 467061           | 0.16        | 285830           | -              | 285830           | 0.10          | -0.06        |
| Trust                                                                             | -                | -              | -                | -           | -                | -              | -                | -             | -            |
| <b>SUB TOTAL (B)(2):</b>                                                          | <b>18050452</b>  | <b>697426</b>  | <b>18747878</b>  | <b>6.51</b> | <b>18295568</b>  | <b>680066</b>  | <b>18975634</b>  | <b>6.59</b>   | <b>0.08</b>  |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                               | <b>28080074</b>  | <b>719926</b>  | <b>28800000</b>  | <b>100</b>  | <b>28097434</b>  | <b>702566</b>  | <b>28800000</b>  | <b>100.00</b> | <b>-</b>     |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                            |                  |                |                  |             |                  |                |                  |               |              |
| <b>Grand Total (A+B+C)</b>                                                        | <b>286967574</b> | <b>1032426</b> | <b>288000000</b> | <b>100</b>  | <b>286984934</b> | <b>1015066</b> | <b>288000000</b> | <b>100.00</b> | <b>-</b>     |

**B) Shareholding of Promoter**

| SI No. | Shareholder's Name    | Shareholding at the beginning of the year |                                  |                                                  | Shareholding at the end of the year |                                  |                                                  | % change in share holding during the year |
|--------|-----------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------|
|        |                       | No. of shares                             | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged / encumbered to total shares |                                           |
| 1      | President of India    | 258887500                                 | 89.89                            | -                                                | 258887500                           | 89.89                            | -                                                | -                                         |
| 2      | Governor of Karnataka | 312500                                    | 0.11                             | -                                                | 312500                              | 0.11                             | -                                                | -                                         |
|        | <b>Total</b>          | <b>259200000</b>                          | <b>90.00</b>                     | <b>-</b>                                         | <b>259200000</b>                    | <b>90.00</b>                     | <b>-</b>                                         | <b>-</b>                                  |

**C) Change in Promoters' Shareholding (please specify, if there is no change) – No changes**

| SI No. | Particulars                                                                                                                                                                    | Shareholding at the beginning of the year                                    |                                  | Cumulative Shareholding during the year |                                  |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|        |                                                                                                                                                                                | No. of shares                                                                | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.     | At the beginning of the year<br>President of India<br>Governor of Karnataka                                                                                                    | 258887500<br>312500                                                          | 89.89<br>0.11                    | 258887500<br>312500                     | 89.89<br>0.11                    |
| 2.     | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Not Applicable as there is no change in shareholding during the year 2015-16 |                                  |                                         |                                  |
| 3.     | At the end of the year<br>President of India<br>Governor of Karnataka                                                                                                          | 258887500<br>312500                                                          | 89.89<br>0.11                    | 258887500<br>312500                     | 89.89<br>0.11                    |

**D) Shareholding Pattern of top ten Shareholders:****(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SI No | For each of top 10 shareholders     | Shareholding at the beginning of the period - 01.04.2015 |                                  | Date       | Increase/ decrease In share holding | Reason | Cumulative shareholding during the period - 31.03.2016 |                                  |
|-------|-------------------------------------|----------------------------------------------------------|----------------------------------|------------|-------------------------------------|--------|--------------------------------------------------------|----------------------------------|
|       |                                     | No. of shares                                            | % of total shares of the company |            |                                     |        | No of shares                                           | % of total shares of the company |
| 1.    | Special National Investment Fund    | 8580690                                                  | 2.98                             | 01.04.2015 | No Movement During The Year         |        |                                                        |                                  |
|       |                                     |                                                          |                                  | 31.03.2016 | 0                                   |        | 8580690                                                | 2.98                             |
| 2.    | Life Insurance Corporation of India | 1142157                                                  | 0.40                             | 01.04.2015 | No Movement During The Year         |        |                                                        |                                  |
|       |                                     |                                                          |                                  | 31.03.2016 | 0                                   |        | 1142157                                                | 0.40                             |

|    |                          |        |      |                   |                             |          |               |             |
|----|--------------------------|--------|------|-------------------|-----------------------------|----------|---------------|-------------|
| 3. | Manog Securities Pvt Ltd | 145000 | 0.05 | 01.04.2015        | 0                           |          | 145000        | 0.05        |
|    |                          |        |      | 10.04.2015        | -85000                      | TRANSFER | 60000         | 0.02        |
|    |                          |        |      | 31.07.2015        | 1                           | TRANSFER | 60001         | 0.02        |
|    |                          |        |      | 25.12.2015        | -40001                      | TRANSFER | 20000         | 0.01        |
|    |                          |        |      | <b>31.03.2016</b> | <b>0</b>                    |          | <b>20000</b>  | <b>0.01</b> |
| 4. | Aurang Zeb               | 133040 | 0.05 | 01.04.2015        | No Movement During The Year |          |               |             |
|    |                          |        |      | <b>31.03.2016</b> | <b>0</b>                    |          | <b>133040</b> | <b>0.05</b> |
| 5. | Karvy Stock Broking Ltd  | 118934 | 0.04 | 01.04.2015        | 0                           |          | 118934        | 0.04        |
|    |                          |        |      | 10.04.2015        | -2386                       | TRANSFER | 116548        | 0.04        |
|    |                          |        |      | 17.04.2015        | 12334                       | TRANSFER | 128882        | 0.04        |
|    |                          |        |      | 24.04.2015        | -12722                      | TRANSFER | 116160        | 0.04        |
|    |                          |        |      | 01.05.2015        | 360                         | TRANSFER | 116520        | 0.04        |
|    |                          |        |      | 08.05.2015        | 2741                        | TRANSFER | 119261        | 0.04        |
|    |                          |        |      | 15.05.2015        | 2662                        | TRANSFER | 121923        | 0.04        |
|    |                          |        |      | 22.05.2015        | -9960                       | TRANSFER | 111963        | 0.04        |
|    |                          |        |      | 29.05.2015        | 804                         | TRANSFER | 112767        | 0.04        |
|    |                          |        |      | 05.06.2015        | 4096                        | TRANSFER | 116863        | 0.04        |
|    |                          |        |      | 12.06.2015        | -2270                       | TRANSFER | 114593        | 0.04        |
|    |                          |        |      | 19.06.2015        | -3381                       | TRANSFER | 111212        | 0.04        |
|    |                          |        |      | 26.06.2015        | 4791                        | TRANSFER | 116003        | 0.04        |
|    |                          |        |      | 30.06.2015        | 6733                        | TRANSFER | 122736        | 0.04        |
|    |                          |        |      | 03.07.2015        | 264                         | TRANSFER | 123000        | 0.04        |
|    |                          |        |      | 10.07.2015        | 2183                        | TRANSFER | 125183        | 0.04        |
|    |                          |        |      | 17.07.2015        | 38384                       | TRANSFER | 163567        | 0.06        |
|    |                          |        |      | 24.07.2015        | 3176                        | TRANSFER | 166743        | 0.06        |
|    |                          |        |      | 31.07.2015        | -5351                       | TRANSFER | 161392        | 0.06        |
|    |                          |        |      | 07.08.2015        | -17439                      | TRANSFER | 143953        | 0.05        |
|    |                          |        |      | 14.08.2015        | 304                         | TRANSFER | 144257        | 0.05        |
|    |                          |        |      | 21.08.2015        | -10885                      | TRANSFER | 133372        | 0.05        |
|    |                          |        |      | 28.08.2015        | -22812                      | TRANSFER | 110560        | 0.04        |
|    |                          |        |      | 04.09.2015        | 6597                        | TRANSFER | 117157        | 0.04        |
|    |                          |        |      | 11.09.2015        | -5736                       | TRANSFER | 111421        | 0.04        |
|    |                          |        |      | 18.09.2015        | -1931                       | TRANSFER | 109490        | 0.04        |
|    |                          |        |      | 25.09.2015        | 6927                        | TRANSFER | 116417        | 0.04        |
|    |                          |        |      | 30.09.2015        | -944                        | TRANSFER | 115473        | 0.04        |
|    |                          |        |      | 01.10.2015        | 1191                        | TRANSFER | 116664        | 0.04        |
|    |                          |        |      | 09.10.2015        | 2244                        | TRANSFER | 118908        | 0.04        |
|    |                          |        |      | 16.10.2015        | 40                          | TRANSFER | 118948        | 0.04        |
|    |                          |        |      | 23.10.2015        | -1675                       | TRANSFER | 117273        | 0.04        |
|    |                          |        |      | 30.10.2015        | -474                        | TRANSFER | 116799        | 0.04        |
|    |                          |        |      | 06.11.2015        | -1670                       | TRANSFER | 115129        | 0.04        |
|    |                          |        |      | 13.11.2015        | 2060                        | TRANSFER | 117189        | 0.04        |
|    |                          |        |      | 20.11.2015        | 4728                        | TRANSFER | 121917        | 0.04        |
|    |                          |        |      | 27.11.2015        | -6131                       | TRANSFER | 115786        | 0.04        |

|    |                        |        |      |                   |              |                 |               |             |
|----|------------------------|--------|------|-------------------|--------------|-----------------|---------------|-------------|
|    |                        |        |      | 04.12.2015        | -13214       | TRANSFER        | 102572        | 0.04        |
|    |                        |        |      | 11.12.2015        | 1261         | TRANSFER        | 103833        | 0.04        |
|    |                        |        |      | 18.12.2015        | 756          | TRANSFER        | 104589        | 0.04        |
|    |                        |        |      | 25.12.2015        | 255          | TRANSFER        | 104844        | 0.04        |
|    |                        |        |      | 31.12.2015        | 3247         | TRANSFER        | 108091        | 0.04        |
|    |                        |        |      | 01.01.2016        | 2590         | TRANSFER        | 110681        | 0.04        |
|    |                        |        |      | 08.01.2016        | -6440        | TRANSFER        | 104241        | 0.04        |
|    |                        |        |      | 15.01.2016        | 5340         | TRANSFER        | 109581        | 0.04        |
|    |                        |        |      | 22.01.2016        | 1750         | TRANSFER        | 111331        | 0.04        |
|    |                        |        |      | 29.01.2016        | 4185         | TRANSFER        | 115516        | 0.04        |
|    |                        |        |      | 05.02.2016        | -650         | TRANSFER        | 114866        | 0.04        |
|    |                        |        |      | 12.02.2016        | 3763         | TRANSFER        | 118629        | 0.04        |
|    |                        |        |      | 19.02.2016        | 349          | TRANSFER        | 118978        | 0.04        |
|    |                        |        |      | 26.02.2016        | 3883         | TRANSFER        | 122861        | 0.04        |
|    |                        |        |      | 04.03.2016        | -406         | TRANSFER        | 122455        | 0.04        |
|    |                        |        |      | 11.03.2016        | 5087         | TRANSFER        | 127542        | 0.04        |
|    |                        |        |      | 18.03.2016        | -1789        | TRANSFER        | 125753        | 0.04        |
|    |                        |        |      | 25.03.2016        | 18030        | TRANSFER        | 143783        | 0.05        |
|    |                        |        |      | <b>31.03.2016</b> | <b>-1715</b> | <b>TRANSFER</b> | <b>142068</b> | <b>0.05</b> |
| 6. | Escorts Securities Ltd | 103247 | 0.04 | 01.04.2015        |              |                 | 103247        | 0.04        |
|    |                        |        |      | 10.04.2015        | 10000        | TRANSFER        | 113247        | 0.04        |
|    |                        |        |      | 17.04.2015        | -5000        | TRANSFER        | 108247        | 0.04        |
|    |                        |        |      | 24.04.2015        | 500          | TRANSFER        | 108747        | 0.04        |
|    |                        |        |      | 01.05.2015        | 6200         | TRANSFER        | 114947        | 0.04        |
|    |                        |        |      | 08.05.2015        | -1800        | TRANSFER        | 113147        | 0.04        |
|    |                        |        |      | 29.05.2015        | 700          | TRANSFER        | 113847        | 0.04        |
|    |                        |        |      | 05.06.2015        | -700         | TRANSFER        | 113147        | 0.04        |
|    |                        |        |      | 19.06.2015        | -1000        | TRANSFER        | 112147        | 0.04        |
|    |                        |        |      | 26.06.2015        | -5500        | TRANSFER        | 106647        | 0.04        |
|    |                        |        |      | 10.07.2015        | 2000         | TRANSFER        | 108647        | 0.04        |
|    |                        |        |      | 17.07.2015        | -16300       | TRANSFER        | 92347         | 0.03        |
|    |                        |        |      | 07.08.2015        | -3200        | TRANSFER        | 89147         | 0.03        |
|    |                        |        |      | 14.08.2015        | -3000        | TRANSFER        | 86147         | 0.03        |
|    |                        |        |      | 21.08.2015        | -6000        | TRANSFER        | 80147         | 0.03        |
|    |                        |        |      | 28.08.2015        | 3000         | TRANSFER        | 83147         | 0.03        |
|    |                        |        |      | 16.10.2015        | -2000        | TRANSFER        | 81147         | 0.03        |
|    |                        |        |      | 06.11.2015        | -4000        | TRANSFER        | 77147         | 0.03        |
|    |                        |        |      | 13.11.2015        | -500         | TRANSFER        | 76647         | 0.03        |
|    |                        |        |      | 20.11.2015        | 1500         | TRANSFER        | 78147         | 0.03        |
|    |                        |        |      | 04.12.2015        | -1500        | TRANSFER        | 76647         | 0.03        |
|    |                        |        |      | <b>31.03.2016</b> | <b>0</b>     |                 | <b>76647</b>  | <b>0.03</b> |
| 7. | Leman Diversified Fund | 100000 | 0.03 | 01.04.2015        |              |                 | 100000        | 0.03        |
|    |                        |        |      | 26.02.2016        | -86429       | TRANSFER        | 13571         | 0.00        |
|    |                        |        |      | 04.03.2016        | -13571       | TRANSFER        | 0             | 0.00        |
|    |                        |        |      | <b>31.03.2016</b> | <b>0</b>     |                 | <b>0</b>      | <b>0.00</b> |

|     |                                |        |      |                   |                             |          |               |             |
|-----|--------------------------------|--------|------|-------------------|-----------------------------|----------|---------------|-------------|
| 8.  | Rbc Financial Services Pvt Ltd | 100000 | 0.03 | 01.04.2015        |                             |          | 100000        | 0.03        |
|     |                                |        |      | 30.06.2015        | -100000                     | TRANSFER | 0             | 0.00        |
|     |                                |        |      | 03.07.2015        | 1000                        | TRANSFER | 1000          | 0.00        |
|     |                                |        |      | 17.07.2015        | -800                        | TRANSFER | 200           | 0.00        |
|     |                                |        |      | 24.07.2015        | 800                         | TRANSFER | 1000          | 0.00        |
|     |                                |        |      | 07.08.2015        | -1000                       | TRANSFER | 0             | 0.00        |
|     |                                |        |      | 16.10.2015        | 100                         | TRANSFER | 100           | 0.00        |
|     |                                |        |      | 23.10.2015        | 700                         | TRANSFER | 800           | 0.00        |
|     |                                |        |      | 20.11.2015        | 1000                        | TRANSFER | 1800          | 0.00        |
|     |                                |        |      | 27.11.2015        | -1300                       | TRANSFER | 500           | 0.00        |
|     |                                |        |      | 04.12.2015        | -500                        | TRANSFER | 0             | 0.00        |
|     |                                |        |      | <b>31.03.2016</b> | <b>0</b>                    |          | <b>0</b>      | <b>0.00</b> |
| 9.  | Bridge India Fund              | 100000 | 0.03 | 01.04.2015        |                             |          | 100000        | 0.03        |
|     |                                |        |      | 26.02.2016        | -100000                     | TRANSFER | 0             | 0.00        |
|     |                                |        |      | <b>31.03.2016</b> | <b>0</b>                    |          | <b>0</b>      | <b>0.00</b> |
| 10. | Vinay Mittal                   | 100000 | 0.03 | 01.04.2015        | No Movement During The Year |          |               |             |
|     |                                |        |      | <b>31.03.2016</b> | <b>0</b>                    |          | <b>100000</b> | <b>0.03</b> |

#### E) Shareholding of Directors and Key Managerial Personnel:

| SI No. | Shareholding of each Directors and each Key Managerial Personnel                                                                                                     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|        |                                                                                                                                                                      | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|        | At the beginning of the year                                                                                                                                         | ---                                       | ---                              | ---                                     | ---                              |
|        | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | ---                                       | ---                              | ---                                     | ---                              |
|        | At the end of the year                                                                                                                                               | ---                                       | ---                              | ---                                     | ---                              |

**Note :** None of the directors and KMPs hold any shares of the Company as on 31.03.2016



**V) INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lacs)

|                                                            | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits   | Total<br>Indebtedness |
|------------------------------------------------------------|----------------------------------------|--------------------|------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                        |                    |            |                       |
| i) Principal Amount                                        | 92,083.08                              | 30,000.00          | Nil        | 1,22,083.08           |
| ii) Interest due but not paid                              | Nil                                    | Nil                | Nil        | Nil                   |
| iii) Interest accrued but not due                          | Nil                                    | 156.20             | Nil        | 156.20                |
| <b>Total (i+ii+iii)</b>                                    | <b>92,083.08</b>                       | <b>30,156.20</b>   | <b>Nil</b> | <b>1,22,239.28</b>    |
| <b>Change in Indebtedness during the financial year</b>    |                                        |                    |            |                       |
| * Addition (Interest accrued but not due)                  | Nil                                    | 300.00             | Nil        | 300.00                |
| * Reduction                                                | (8,191.66)                             | Nil                | Nil        | (8,191.66)            |
| <b>Net Change</b>                                          | <b>(8,191.66)</b>                      | <b>300.00</b>      | <b>Nil</b> | <b>(7,891.66)</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                        |                    |            |                       |
| i) Principal Amount                                        | 83,891.42                              | 30,000.00          | Nil        | 1,13,891.42           |
| ii) Interest due but not paid                              | Nil                                    | Nil                | Nil        | Nil                   |
| iii) Interest accrued but not due                          | Nil                                    | 456.20             | Nil        | 456.20                |
| <b>Total (i+ii+iii)</b>                                    | <b>83,891.42</b>                       | <b>30,456.20</b>   | <b>Nil</b> | <b>1,14,347.62</b>    |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(in ₹)

| Sl. No. | Particulars of Remuneration                                                         | Name of MD/WTD/ Manager |                |                |                |                            |                 | Total Amount   |
|---------|-------------------------------------------------------------------------------------|-------------------------|----------------|----------------|----------------|----------------------------|-----------------|----------------|
|         |                                                                                     | Shri K L Dhingra        | Shri K K Gupta | Shri P K Gupta | Shri S Gopu    | Dr Janaki Anantha krishnan | Shri K Alagesan |                |
| 1       | Gross salary                                                                        |                         |                |                |                |                            |                 |                |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 750496                  | 1394795        | 1161189        | 1104636        | 1086925                    | 185280          | 5683321        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 45914                   | 103022         | 172378         | 163899         | 161240                     | 27642           | 674095         |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | ---                     | ---            | ---            | ---            | ---                        | ---             | ---            |
| 2       | Stock Option                                                                        | ---                     | ---            | ---            | ---            | ---                        | ---             | ---            |
| 3       | Sweat Equity                                                                        | ---                     | ---            | ---            | ---            | ---                        | ---             | ---            |
| 4       | Commission<br>- as % of profit<br>- others, specify...                              | ---                     | ---            | ---            | ---            | ---                        | ---             | ---            |
| 5       | Others, please specify PF                                                           | 37070                   | 83006          | 138910         | 132126         | ---                        | 22162           | 413274         |
|         | <b>Total (A)</b>                                                                    | <b>833480</b>           | <b>1580823</b> | <b>1472477</b> | <b>1400661</b> | <b>1248165</b>             | <b>235084</b>   | <b>6770690</b> |
|         | Ceiling as per the Act                                                              |                         |                |                |                |                            |                 |                |

**B. Remuneration to other directors**

(in ₹)

| Sl. No. | Particulars of Remuneration                 | Name of Directors |                      |               |                            | Total Amount |
|---------|---------------------------------------------|-------------------|----------------------|---------------|----------------------------|--------------|
|         | Independent Directors                       | Shri Ramesh Bhat  | Shri Dharendra Singh | Dr.M.J.Zarabi | Shri Saday Krishna Kanoria |              |
| 1       | Fee for attending board /committee meetings | 18000             | 15000                | 12000         | 6000                       | 51000        |
|         | Commission                                  | ---               | ---                  | ---           | ---                        | ---          |
|         | Others, please specify                      | ---               | ---                  | ---           | ---                        | ---          |
|         | Total (1)                                   | 18000             | 15000                | 12000         | 6000                       | 51000        |
| 2       | Other Non-Executive Directors               |                   |                      |               |                            |              |
|         | Fee for attending board committee meetings  | ---               | ---                  | ---           | ---                        | ---          |
|         | Commission                                  | ---               | ---                  | ---           | ---                        | ---          |
|         | Others, please specify                      | ---               | ---                  | ---           | ---                        | ---          |
|         | Total (2)                                   | ---               | ---                  | ---           | ---                        | ---          |
|         | Total (B)=(1+2)                             | 18000             | 15000                | 12000         | 6000                       | 51000        |
|         | Total Managerial Remuneration               | N.A               | N.A                  | N.A           | N.A                        | N.A          |
|         | Overall Ceiling as per the Act              | N.A               | N.A                  | N.A           | N.A                        | N.A          |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB**

(in ₹)

| Sl. No. | Particulars of Remuneration                                                         | Key Managerial Personnel |                      |                   |                             |
|---------|-------------------------------------------------------------------------------------|--------------------------|----------------------|-------------------|-----------------------------|
|         |                                                                                     | CEO                      | CS                   | CFO               | Total                       |
| 1       |                                                                                     |                          | Mrs S Shanmuga Priya | Shri S V R Murthy | Dr. Janaki Anantha Krishnan |
|         | Gross salary                                                                        |                          |                      |                   |                             |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | ---                      | 610532               | 184414            | 1086925                     |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | ---                      |                      | 25538             | 161240                      |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | ---                      |                      |                   |                             |
| 2       | Stock Option                                                                        | ---                      |                      |                   |                             |
| 3       | Sweat Equity                                                                        | ---                      |                      |                   |                             |
| 4       | Commission                                                                          | ---                      |                      |                   |                             |
|         | - as % of profit                                                                    | ---                      |                      |                   |                             |
|         | others, specify...                                                                  | ---                      |                      |                   |                             |
| 5       | Others, please specify PF                                                           | ---                      | 64894                | 22043             | ---                         |
|         | Total                                                                               | ---                      | 675426               | 231995            | 1248165                     |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Industry Structure

The Indian telecommunications industry is one of the fastest growing in the world. According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 1058.86 million, with a tele-density of 83.36 % at the end of March 31, 2016. The industry has witnessed consistent growth during the last year on account of several factors, like, increased use of wireless network for broadband connectivity, launch of 4G networks by operators, growth of e-commerce etc. The market is also abuzz with high speed broadband connectivity to villages on pan India basis to provide e-governance solutions to rural masses. Wireless networks, broadband penetration at all corners, affordable smart phones and single click applications for variety of services, like e-commerce, e-governance, e-education, e-health etc. drive the Indian communication industry to create a “Digital India” in the coming years.

The booming domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new services. Government's initiatives to boost indigenous manufacturing through several new policies and “Make in India” will drive electronics manufacturing in the country.

The communication industry scenario is very bright for business in Defence sector also. The government's capex plan for investment in Defence sector in the coming years is huge and there is a significant part earmarked for communication domain.

ITI, being an electronics manufacturing PSU in the telecommunication industry, has the distinctive edge to gain from the opportunities arising out of the boom in electronics and communication market in the country.

### II. Opportunities and Threats:

As stated above, there is a huge opportunity in electronics manufacturing and communication services. There are many other business opportunities in the field of Defence electronics and communications, Solar power solutions, Energy storage products etc. and ITI has already ventured in to many of these areas, like solar panel manufacturing etc. There are huge opportunities in the service sector also. ITI has already been part of the Government projects, like National Population Register, Socio Economic & Caste Census etc. With thrust towards providing Government services through digital means, there are many opportunities to provide e-governance applications and services at central and state government levels.

The Government has approved a revival plan for ITI with a funding support of ₹ 4156.79 Cr. This package consists of ₹ 2264 Crore as equity towards up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects. Government had already released ₹ 192 Crore as first phase disbursement to the Company towards capital expenditure under revival plan and has made an allocation of ₹ 80 Crores for capex for the year 2016-17. The infrastructure up-gradation for implementation of various projects is completed at different plants of ITI and the projects are under implementation. This support from the Government will help ITI to go into manufacturing of products in different market domains in a big way.

In the changing environment, the Company has identified the following threats:

- Intense competition due to large number of international players in all market domains
- Open market competition with MNCs, like, ZTE, Huawei, Alcatel-Lucent, Nokia, Ericsson, Siemens etc. in the field of telecommunications
- Non-availability of proper eco-system for electronics manufacturing in the country
- Keeping pace with the rapid change of technologies

### **III. Future Outlook:**

Under revival plan, several projects have been planned for implementation at various manufacturing plants of ITI. In addition to telecom products like G-PON (recently ITI has won the tender from BBNL for the supply of G-PON equipments with C-DoT technology), MLLN, Broadband equipments etc., major thrust has been given for the manufacture of encrypted telecommunication equipments required for Defence sector. ITI has also taken up diversified products like Solar panel manufacturing, Smart card manufacturing and Data center. ITI has already established HDPE manufacturing line at its Raebareli plant and is also planning to manufacture OFC cables, Li-Ion batteries, Wi-fi solutions, Low power BTS, establishment of ITI's own Data center, contract manufacturing activities for VSSC and other PSUs., The other products identified for manufacture are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Set top box, Smart energy meters, 3D Printing etc.,

### **Risk Management**

All business sectors, including telecom Sector, are witnessing a rapid change both in market and technology fronts. The Company's business, operating results and financials are subject to various risk and uncertainties. Some of them are changes in economy, change in market and technology etc. The Company continues to believe that managing risk is critical for its growth and sustenance.

The Company has adopted a Risk Management framework, which covers risk management techniques while conceiving a project or while execution of a project etc. The Company is constantly monitoring and assessing the internal as well as external risk factors associated with its day to day business operations and financial management and thereby effectively mitigating possible risks associated therewith. As an added measure towards effective management of projects, the Company has brought out a Project Management Manual which will guide the project managers or the project execution teams to implement projects or execute orders in an effective manner.

### **IV. Human Resources**

As at 31st March, 2016, your Company had a total strength of 5229 as compared to 6177 at the end of the previous year.

### **V. Internal Control Measures**

The Company has Internal Audit Department at Corporate and units, which reviews compliance with the Company's procedures & policies. The department coordinates with the Units/Divisions of the Company for ensuring coverage of all major areas of operations in order to bring transparency in the Company. The Internal Control Systems are presently under review for aligning with the reporting requirements of the revised Companies Act 2013, as per the advice of the Audit Committee.

## VI. Financial Performance

Your Company has achieved a sales turnover of ₹ 1253 Crs. for the year ended 31st March, 2016, as compared to ₹ 620 Crs. in the previous year.

## VII. Cautionary Statement

Statements made in the Management Discussion and Analysis about your Company's objectives, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand/supply and price conditions in the domestic market in which your Company operates, changes in Government regulations, tax laws, statutes and other incidental/related matters.

## DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31st March, 2016.

For and on behalf of the  
Board of Directors

Place : Bangalore  
Date : 11th August 2016

**(P. K. Gupta)**  
Director Marketing /  
Addl Charge Chairman and  
Managing Director

## CEO / CFO CERTIFICATION

**To**  
**The Board of Directors of ITI Ltd.**

### SUB: CEO / CFO CERTIFICATION

(Issued in accordance with provision of Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015)

We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report of ITI Limited for the year ended March 31, 2016 and that to the best of our knowledge and belief, we state that:

- (a) (i) These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statements present a true and fair view of your Company's affairs, and are in compliance with existing accounting standards and / or applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or in violation of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have disclosed, wherever applicable to your Company's Auditors and the audit committee of the Company's Board of Directors
  - (i) Significant changes in internal controls during the year covered by this report.
  - (ii) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - (iii) instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in your Company's internal control system.

Place: Bangalore  
 Date : 11th August 2016

**(Dr. Janaki Ananthkrishnan)**  
 CFO / Director - Finance

**(P.K.Gupta)**  
 Director Marketing /  
 Addl Charge Chairman and  
 Managing Director

## CERTIFICATE OF CORPORATE GOVERNANCE

To

**To the Members of ITI Limited**

We have examined the compliance of conditions of Corporate Governance by ITI Limited ('the Company'), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period December 01, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, subject to the following:

- 1. Company does not have the required strength of Independent directors as stipulated in the Listing Agreement.***
- 2. Company does not have the required strength of audit committee as stipulated in the Listing Agreement.***

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

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 Sundar Srini & Sridhar**

**Chartered Accountants**

Firm Registration No: 004201S

**R. Jayasankar**

**Partner**

Membership No: 026298

Place: Bangalore

Date : 11th August, 2016



# Financial Statements

## SIGNIFICANT ACCOUNTING POLICIES

### 1.00 Basis of Preparation of Financial Statements

1.01 The Financial Statements have been prepared as a going concern, in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention modified by accounting for fixed assets acquired free of cost or by gift, at the market value at the time of such acquisition and revaluation of certain fixed assets, on accrual basis of accounting. GAAP Comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

1.02 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

### 2.00 Fixed Assets

2.01 Fixed Assets are stated at cost of acquisition / installation (net of Modvat / Cenvat credit availed), less accumulated depreciation and impairment losses.

2.02 Fixed Assets acquired free of cost or gifted to ITI are stated at Market Value which is credited to the Capital Reserve, at the time of acquisition less accumulated depreciation and impairment losses.

2.03 Any Capital Grant-in-Aid given for a specific project by any agency is initially credited to Grant-in-Aid (Capital) and this amount is adjusted to the statement of Profit and Loss over the useful life of the assets.

2.04 Expenditure on development of leasehold land is capitalised as Land Development Expenditure and is amortized over a period of 5 years, commencing from the year in which such expenditure is incurred.

2.05 Capital work in progress is stated at the amount expended up to the date of Balance Sheet.

2.06 In the event of revaluation of entire class of fixed assets, if the revalued amount is greater than the carrying amount of the fixed asset, such difference is taken to the revaluation reserve. If the revalued amount is lower than the carrying amount of the fixed asset and if the class of the asset has already been revalued, difference is set off against the amount available under the revaluation reserve for the same class of asset and excess thereof is charged to the statement of Profit and Loss.

### 3.00 Inventories

3.01 Raw materials, components and stores purchased for manufacturing/production activities are valued at lower of cost and net realizable value, after providing for obsolescence, if any. Cost is calculated on weighted average rate as at the end of the year. Where the same items are both purchased and manufactured, manufacturing costs are generally adopted.

3.02 Raw materials and production stores with ancillaries and fabricators are valued at lower of cost at the time of such issue and net realizable value, after providing for obsolescence, if any.

3.03 Manufactured items in Stock and Stock-in-Trade are valued at lower of cost excluding interest charges, administration overheads and sales overheads and at the net realisable value, after providing for obsolescence, if any.

#### **3.04 Work-in-process**

(i) Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration overheads and sales overheads or at the net realisable value, after providing for obsolescence, if any.

(ii) Work-in-process (Installation) is valued at lower of cost as recorded in the Work Orders and net realizable value, after providing for obsolescence, if any.

3.05 Precious metals scrap is valued at net realizable value and brought to books at the year end.

#### **4.00 Tools and Gauges**

4.01 Expenditure on special purpose tools and fixtures is initially capitalized at cost and then amortized over production on a systematic basis, based on technical assessment.

4.02 Loose tools are charged to revenue at the time of issue.

#### **5.00 Investments**

Current Investments are carried at lower of cost and fair market value. Long term investments are carried at cost and provision for diminution in the value of such long term investments, other than temporary in nature, is made.

#### **6.00 Intangible Assets**

6.01 Expenses incurred during research phase till the establishment of commercial feasibility is charged off to Statement of Profit and Loss.

6.02 Expenditure on development of new products / technologies, development of software are capitalized individually at cost once their technical feasibility is established in accordance with the requirements of Accounting Standard 26, 'Intangible Asset'.

#### **7.00 Depreciation**

7.01 With effect from April 01, 2015, depreciation is charged on Straight Line Method over the useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act, 2013, as against the old estimate as assessed by the Management.

7.02 Depreciation on additions and deletions to fixed assets during a year is provided on pro rata basis as follows:

(a) Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.

(b) In respect of assets sold, discarded, damaged or destroyed on or before 15th day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15th of the month depreciation is reckoned in full for the month of deletion.

7.03 Intangible assets are amortized and charged to revenue based on the economic benefits drawn by the company over the useful life not exceeding ten years based on techno commercial assessment.

7.04 In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. With the adoption of Schedule II, the Company starts recouping additional depreciation on account of revaluation as a credit to General Reserve as against the earlier policy of recouping additional depreciation as a credit to Statement of Profit and Loss.

#### **8.00 Prior period items**

Adjustments arising due to errors or omissions in the financial statements of earlier years are accounted under "Prior Period Adjustments", if the amount involved is ₹ 5.00 lakhs or more in each transaction.

#### **9.00 Foreign currency transactions**

9.01 Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

9.02 Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

#### **10.00 Revenue Recognition**

- a) Sales include Excise Duty & Service Tax and excludes Sales Tax.
- b) Revenue from sale of goods is recognized based on valid sales contract.
- c) Revenue from customer accepted sale of goods/other sale of goods is recognized on the date of dispatch of goods from the company's premises to the customer. In

the case of FoR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period, revenue is recognised. Goods ready for dispatch but held in the Company's premises at the customers specific request is also recognised as sale of goods.

- d) Where prices are not established, sales are set up provisionally at prices likely to be realized.
- e) Export sales are treated as sales on issue of Bill of Lading.
- f) Revenue from installation and commissioning services is recognized on completion of installation and commissioning.
- g) Revenue from annual maintenance contracts relating to the year is recognized when the contracts are entered into on a time proportionate basis.
- h) Provision is made separately for likely disallowance by customers including Liquidated Damages for contracts executed during the year.

#### **Revenue Recognition on Construction / Turnkey Contracts**

- i) Revenue is recognised on percentage completion method. Contract revenue and costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. Expected loss on the contract is fully accounted.

#### **11.00 Other Income**

- a) Insurance and Customs Duty claims are accounted as and when claims are accepted by the respective authorities. Rental income is accounted on the basis of lease agreements entered

with the parties to whom premises of the company are given under lease. Interest income is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.

- b) Dividend is accounted when the right to receive dividend is established by the Balance Sheet Date.

## **12.00 Warranty Liability**

Warranty liability for contractual obligation in respect of equipments sold to customers is accounted on the basis of an annual technical assessment.

## **13.00 Government Grants**

- a) Government grants relating to Revenue are initially credited to Grant-in-Aid(Revenue).
- b) Where the grants are intended to compensate cost/s incurred in an accounting year, an amount of grant to the extent of related cost are recognized as income in the Statement of Profit and Loss.
- c) Where the grants are for purpose of giving immediate financial support/ compensation for expenses incurred in a previous accounting period, with no further related cost/s, these are recognized as Extraordinary income in the Statement of Profit and Loss in the year of receipt.

## **14.00 Employee Benefits**

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.

- b) Post employment benefit viz. gratuity and other long term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit & Loss of the year in which the employee has rendered services. Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

- c) Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.

## **15.00 Borrowing Cost**

Borrowing cost, that is directly attributable to the acquisition/production or construction of inventories or fixed assets which require a substantial period to get ready for its intended use or to bring them to saleable condition is capitalised as part of the cost of the inventory or fixed assets valuation respectively.

## **16.00 Impairment of Assets**

At the end of each Balance sheet date, the carrying amount of assets are reviewed, if there is any indication of impairment based on internal / external factors. If the estimated recoverable amount is found lesser than the carrying amount, then the impairment loss is recognized and assets are written down to the recoverable amount.

## **17.00 Current Tax and Deferred Tax**

- a) Tax expense comprises of current income and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

- b) Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- c) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **18.00 Trade Receivables**

Provision for Doubtful Trade Receivables is made on a case to case basis, on detailed review.

#### **19.00 Provisions / Contingencies:**

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the amount required to settle

the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

#### **20.00 Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

#### **21.00 Segment Reporting:**

The Company has primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable business segments. The Company is primarily operating in India which considered as a single Geographical Segment.

As per our report of even date  
For M/S Sundar Srini & Sridhar  
Chartered Accountants  
Firm Reg No.: 004201S

For and on behalf of the Board of Directors

sd/-  
**R. Jayasankar**  
Partner  
M. No. 026298

sd/-  
**S. Shanmuga Priya**  
Company Secretary

sd/-  
**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer

sd/-  
**P. K. Gupta**  
Director-Marketing/  
Addl. Charge CMD

Place : Bangalore  
Date : 30th May 2016

## Balance Sheet as at 31st March, 2016

₹ in Lakhs

| Particulars                                   | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------|----------|------------------|------------------|
| <b>I. EQUITY AND LIABILITIES</b>              |          |                  |                  |
| (1) Shareholder's Funds                       |          |                  |                  |
| (a) Share Capital                             | 1        | 58800.00         | 58800.00         |
| (b) Reserves and Surplus                      | 2        | 19719.17         | (6744.87)        |
| (c) Money received against share warrants     | 3        | 0.00             | 0.00             |
|                                               |          | 78519.17         | 52055.13         |
| (2) Share application money pending allotment | 4        | 19200.00         | 19200.00         |
| (3) Non-Current Liabilities                   |          |                  |                  |
| (a) Long-term borrowings                      | 5        | 30000.00         | 30000.00         |
| (b) Trade Payables                            | 6        | 23021.91         | 41832.26         |
| (c) Other Long term liabilities               | 7        | 1213.14          | 630.07           |
| (d) Long term provisions                      | 8        | 8390.78          | 8874.46          |
|                                               |          | 62625.83         | 81336.79         |
| (4) Current Liabilities                       |          |                  |                  |
| (a) Short-term borrowings                     | 9        | 83891.42         | 92083.08         |
| (b) Trade payables                            | 10       | 187511.06        | 186469.51        |
| (c) Other current liabilities                 | 11       | 127543.26        | 67666.57         |
| (d) Short-term provisions                     | 12       | 24190.31         | 35252.66         |
| <b>Total</b>                                  |          | <b>423136.05</b> | <b>381471.82</b> |
| <b>Grand Total</b>                            |          | <b>583481.05</b> | <b>534063.74</b> |
| <b>II. ASSETS</b>                             |          |                  |                  |
| (1) Non-current assets                        |          |                  |                  |
| (a) Fixed assets                              |          |                  |                  |
| (i) Tangible assets                           | 13       | 245843.83        | 242343.72        |
| (ii) Intangible assets                        | 14       | 0.00             | 0.00             |
| (iii) Capital work-in-progress                | 15       | 9168.30          | 3301.94          |
| (iv) Intangible assets under development      | 16       | 0.00             | 0.00             |
| (b) Non-current investments                   | 17       | 40.55            | 40.55            |
| (c) Deferred tax assets (net)                 | 18       | 0.00             | 0.00             |
| (d) Long term loans and advances              | 19       | 23.01            | 251.60           |
| (e) Trade receivables                         | 20       | 105087.55        | 37790.75         |
|                                               |          | 360163.24        | 283728.56        |
| (2) Current assets                            |          |                  |                  |
| (a) Current investments                       | 21       | 0.00             | 0.00             |
| (b) Inventories                               | 22       | 10383.02         | 9334.28          |
| (c) Trade receivables                         | 23       | 171358.71        | 184080.71        |
| (d) Cash and cash equivalents                 | 24       | 12119.21         | 27122.47         |
| (e) Short-term loans and advances             | 25       | 28847.39         | 29774.70         |
| (f) Other current assets                      | 26       | 609.48           | 23.02            |
| <b>Total</b>                                  |          | <b>223317.81</b> | <b>250335.18</b> |
| <b>Grand Total</b>                            |          | <b>583481.05</b> | <b>534063.74</b> |

The accounting policies & accompanying notes form part of the financial statements

As per our report of even date  
For M/S Sundar Srini & Sridhar  
Chartered Accountants  
Firm Reg No.: 004201S

sd/-  
**R. Jayasankar**  
Partner  
M. No. 026298

sd/-  
**S. Shanmuga Priya**  
Company Secretary

sd/-  
**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer

sd/-  
**P. K. Gupta**  
Director-Marketing/  
Addl. Charge CMD

Place : Bangalore  
Date : 30th May 2016



## Profit and Loss Statement for the year ended 31st March, 2016

₹ in Lakhs

| Particulars                                                                        | Note No. | For the year ended on<br>31.03.2016 | For the year ended on<br>31.03.2015 |
|------------------------------------------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| <b>Income</b>                                                                      |          |                                     |                                     |
| I. Revenue from operations                                                         | 27       | 119045.40                           | 57433.14                            |
| II. Other Income                                                                   | 28       | 48446.54                            | 8491.68                             |
| III. Total Revenue (I + II)                                                        |          | 167491.94                           | 65924.82                            |
| <b>IV. EXPENSES:</b>                                                               |          |                                     |                                     |
| Cost of materials consumed                                                         | 29       | 4133.34                             | 4302.67                             |
| Purchase of Stock-in-Trade                                                         | 30       | 62824.69                            | 14205.92                            |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade      | 31       | 43.79                               | 205.60                              |
| Installation & Maintenance Charges                                                 |          | 31805.52                            | 21387.59                            |
| Employee benefit expense                                                           | 32       | 31513.30                            | 32118.75                            |
| Finance costs                                                                      | 33       | 15715.47                            | 15725.35                            |
| Depreciation and amortization expense                                              | 34       | 1290.17                             | 1532.38                             |
| Other expenses                                                                     | 35       | 5961.23                             | 6246.02                             |
| Total Expenses*                                                                    |          | 153287.50                           | 95724.28                            |
| Less: Transfer to Capital Account                                                  | 36       | 0.00                                | 0.00                                |
| IV. (A) Prior period adjustments(Net)                                              | 37       | (335.72)                            | 86.76                               |
| V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV-IV(A)) |          | 13868.71                            | (29712.70)                          |
| VI. Exceptional Items                                                              | 38       | 0.00                                | 0.00                                |
| i) Income                                                                          |          | 0.00                                | 16500.00                            |
| ii) Expenses                                                                       |          | 0.00                                | (16500.00)                          |
| VII. Profit/(Loss) before extraordinary items and tax (V - VI)                     |          | 13868.71                            | (29712.70)                          |
| VIII. Extraordinary Items                                                          | 39       | 11250.00                            | 0.00                                |
| IX. Profit/(Loss) before tax (VII + VIII)                                          |          | 25118.71                            | (29712.70)                          |
| X. Tax expense:                                                                    |          |                                     |                                     |
| (1) Current tax                                                                    |          | 0.00                                | 0.00                                |
| (2) Deferred tax                                                                   |          | 0.00                                | 0.00                                |
| XI. Profit(Loss) for the period from continuing operations (IX-X)                  |          | 25118.71                            | (29712.70)                          |
| XII. Profit/(Loss) from discontinuing operations                                   |          | 0.00                                | 0.00                                |
| XIII. Tax expense of discontinuing operations                                      |          | 0.00                                | 0.00                                |
| XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)                      |          | 0.00                                | 0.00                                |
| XV. Profit/(Loss) for the period (XI + XIV)                                        |          | 25118.71                            | (29712.70)                          |
| XVI. Earning per equity share before extraordinary items                           |          |                                     |                                     |
| Basic & Diluted(Face value of ₹ 10/- each)                                         |          | 3.98                                | (11.29)                             |
| Earning per equity share after extraordinary items                                 |          |                                     |                                     |
| Basic & Diluted(Face value of ₹ 10/- each):                                        |          | 7.77                                | (11.26)                             |

\*Includes expenditure on R&D ₹ 1638.41lacs (previous year ₹ 1585.32 lacs) under various heads.

The accounting policies & accompanying notes form part of the financial statements

As per our report of even date  
For M/S Sundar Srini & Sridhar  
Chartered Accountants  
Firm Reg No.: 004201S

sd/-  
**R. Jayasankar**  
Partner  
M. No. 026298

sd/-  
**S. Shanmuga Priya**  
Company Secretary

sd/-  
**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer

sd/-  
**P. K. Gupta**  
Director-Marketing/  
Addl. Charge CMD

Place : Bangalore  
Date : 30th May 2016

## CASH FLOW STATEMENT FOR THE YEAR 2015-16

₹ in Lakhs

|                                                 | FOR THE YEAR ENDED<br>31st MARCH 2016 | FOR THE YEAR ENDED<br>31st MARCH 2015 |
|-------------------------------------------------|---------------------------------------|---------------------------------------|
| (A) <u>CASH FLOW FROM OPERATING ACTIVITIES:</u> |                                       |                                       |
| NET PROFIT / (LOSS) BEFORE TAX                  | 25118.71                              | (29712.70)                            |
| ADJUSTMENT FOR:                                 |                                       |                                       |
| DEPRECIATION                                    | 1290.17                               | 1532.38                               |
| FINANCING CHARGES                               | 15715.47                              | 15725.35                              |
| PROFIT ON SALE OF INVESTMENTS                   | 0.00                                  | 0.00                                  |
| INTEREST/DIVIDEND RECEIVED                      | (226.59)                              | (258.36)                              |
| LOSS ON SALE OF ASSET                           | 0.00                                  | 0.00                                  |
| PROFIT ON SALE OF ASSET                         | 0.00                                  | (3.12)                                |
| TRANSFER FROM GRANT-IN-AID                      | (38621.69)                            | (402.92)                              |
| TRANSFER FROM GRANT-IN-AID(Prior period adj.)   | 0.00                                  | 0.00                                  |
| NON-CASH EXPENDITURE                            | 1.90                                  | 9.09                                  |
| OPERATING CASH PROFIT / (LOSS)                  | 3277.97                               | (13110.28)                            |
| BEFORE WORKING CAPITAL CHANGES                  |                                       |                                       |
| ADJUSTMENT FOR:                                 |                                       |                                       |
| TRADE AND OTHER RECEIVABLES                     | (52458.71)                            | (3421.33)                             |
| INVENTORIES                                     | (1052.44)                             | 280.26                                |
| TRADE PAYABLES                                  | 31145.01                              | 1439.21                               |
| DIRECT TAXES PAID                               | (1546.65)                             | (44.08)                               |
| CASH GENERATED FROM OPERATIONS                  | (20634.82)                            | (14856.22)                            |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS            | (20634.82)                            | (14856.22)                            |
| EXTRAORDINARY ITEMS                             | 11250.00                              | 0.00                                  |
| NET CASH FROM OPERATING ACTIVITIES [A]          | (31884.82)                            | (14856.22)                            |
| (B) <u>CASH FLOW FROM INVESTING ACTIVITIES:</u> |                                       |                                       |
| PURCHASE OF FIXED ASSETS INCLUDING              |                                       |                                       |
| CAPITAL WORK-IN-PROGRESS                        | (10654.90)                            | (1267.94)                             |
| SALE OF FIXED ASSETS                            | 0.00                                  | 3.12                                  |
| INVESTMENTS                                     | 0.00                                  | 0.00                                  |
| INTEREST RECEIVED                               | 226.59                                | 258.36                                |
| NET CASH USED IN INVESTING ACTIVITIES [B]       | (10428.31)                            | (1006.46)                             |
| (C) <u>CASH FLOW FROM FINANCING ACTIVITIES</u>  |                                       |                                       |
| PROCEEDS FROM LONG TERM BORROWINGS              | (8191.66)                             | 34490.40                              |

₹ in Lakhs

|                                                            | FOR THE YEAR ENDED<br>31st MARCH 2016 | FOR THE YEAR ENDED<br>31st MARCH 2015 |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|
| SHARE APPLICATION MONEY                                    | <b>0.00</b>                           | 19200.00                              |
| GRANT-IN-AID RECEIVED                                      | 51217.00                              | 1786.13                               |
| FINANCING EXPENSES                                         | <u>(15715.47)</u>                     | <u>(15725.35)</u>                     |
| NET CASH USED IN FINANCING ACTIVITIES [C]                  | <u>27309.87</u>                       | <u>39751.18</u>                       |
| NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]          | (15003.26)                            | 23888.50                              |
| CASH AND CASH EQUIVALENTS AS AT 01-04<br>[OPENING BALANCE] | 27122.47                              | 3233.97                               |
| CASH AND CASH EQUIVALENTS AS AT 31-03<br>[CLOSING BALANCE] | 12119.21                              | 27122.47                              |

NOTE: PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THIS YEAR'S CLASSIFICATIONS.

**As per our report of even date**

For M/S Sundar Srini & Sridhar  
Chartered Accountants  
Firm Reg No.: 004201S

sd/-  
**R. Jayasankar**  
Partner  
M. No. 026298

sd/-  
**S. Shanmuga Priya**  
Company Secretary

sd/-  
**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer

sd/-  
**P. K. Gupta**  
Director-Marketing/  
Addl. Charge CMD

Place : Bangalore  
Date : 30th May 2016

## Notes to the Financial Statements

₹ in Lakhs

| Particulars                                                                                                                                                                                                                                                                             | As at 31.03.2016                               | As at 31.03.2015                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Note No.1</b>                                                                                                                                                                                                                                                                        |                                                |                                                |
| <b>a) SHARE CAPITAL</b>                                                                                                                                                                                                                                                                 |                                                |                                                |
| <b><u>I) Equity</u></b>                                                                                                                                                                                                                                                                 |                                                |                                                |
| a) Authorised                                                                                                                                                                                                                                                                           |                                                |                                                |
| 80,00,00,000 equity shares of ₹ 10 each                                                                                                                                                                                                                                                 | 80000.00                                       | 80000.00                                       |
| b) Issued                                                                                                                                                                                                                                                                               |                                                |                                                |
| 28,80,00,000 equity shares of ₹10 each                                                                                                                                                                                                                                                  | 28800.00                                       | 28800.00                                       |
| c) Subscribed and Fully Paid-up                                                                                                                                                                                                                                                         |                                                |                                                |
| 28,80,00,000 equity shares of ₹10 each                                                                                                                                                                                                                                                  | 28800.00                                       | 28800.00                                       |
| d) Subscribed & not fully paid up                                                                                                                                                                                                                                                       | -                                              | -                                              |
| e) Par value per share                                                                                                                                                                                                                                                                  | -                                              | -                                              |
| f) Calls unpaid                                                                                                                                                                                                                                                                         | -                                              | -                                              |
| g) Forfeited shares                                                                                                                                                                                                                                                                     | -                                              | -                                              |
| h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period                                                                                                                                                                           | <u>As at 31.03.2016</u><br><u>No.of shares</u> | <u>As at 31.03.2015</u><br><u>No.of shares</u> |
| Number of shares outstanding O.B                                                                                                                                                                                                                                                        | 288000000                                      | 288000000                                      |
| Add issues during the year                                                                                                                                                                                                                                                              | -                                              | -                                              |
| Less: Buy back/forfeiture during the year                                                                                                                                                                                                                                               | -                                              | -                                              |
| Number of shares outstanding C.B                                                                                                                                                                                                                                                        | 288000000                                      | 288000000                                      |
| i) The rights and preferences and restrictions attaching to the above class of shares                                                                                                                                                                                                   |                                                |                                                |
| - Each holder of Equity share is entitled to one vote per share.                                                                                                                                                                                                                        |                                                |                                                |
| - In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. |                                                |                                                |
| j) List of share holders holding more than 5% shares                                                                                                                                                                                                                                    |                                                |                                                |
| <u>Name</u>                                                                                                                                                                                                                                                                             | <u>No.of shares held</u>                       | <u>No.of shares held</u>                       |
| 1. President of India                                                                                                                                                                                                                                                                   |                                                |                                                |
| * Government of India has disinvested 10% of the Equity shares to Financial Institutions,Banks,Mutual Funds and Employees.                                                                                                                                                              | 258887500                                      | 258887500                                      |
| k) During last 5 years:                                                                                                                                                                                                                                                                 |                                                |                                                |
| i) Aggregate number of shares allotted without being received in cash                                                                                                                                                                                                                   | Nil                                            | Nil                                            |
| ii) Aggregate number of shares allotted as fully paid up by way of bonus shares                                                                                                                                                                                                         | Nil                                            | Nil                                            |
| iii) Aggregate number and class of shares bought back                                                                                                                                                                                                                                   | Nil                                            | Nil                                            |
| <b><u>II) Preference Shares</u></b>                                                                                                                                                                                                                                                     |                                                |                                                |
| <b><u>a) Authorised</u></b>                                                                                                                                                                                                                                                             |                                                |                                                |
| 40000000 Preference Shares of ₹100 each                                                                                                                                                                                                                                                 |                                                |                                                |
| -8.75% Cumulative Redeemable Preference Shares                                                                                                                                                                                                                                          | 40000.00                                       | 40000.00                                       |
| <b><u>b) Issued</u></b>                                                                                                                                                                                                                                                                 |                                                |                                                |
| 10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005                                                                                                                                                            | 10000.00                                       | 10000.00                                       |
| <b><u>c) Subscribed and Fully Paid-up</u></b>                                                                                                                                                                                                                                           |                                                |                                                |
| 10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005                                                                                                                                                            | 10000.00                                       | 10000.00                                       |
| d) Subscribed & not fully paid up                                                                                                                                                                                                                                                       | -                                              | -                                              |
| e) Par value per share(₹100)                                                                                                                                                                                                                                                            | -                                              | -                                              |
| f) Calls un paid                                                                                                                                                                                                                                                                        | -                                              | -                                              |
| g) Forfeited shares                                                                                                                                                                                                                                                                     | -                                              | -                                              |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                             | As at 31.03.2016                                     | As at 31.03.2015                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period                                                                                                                                                           | <u>As at 31.03.2016</u><br><u>No. of shares</u>      | <u>As at 31.03.2015</u><br><u>No. of shares</u>      |
| Number of shares outstanding O.B                                                                                                                                                                                                                                        | 10000000                                             | 10000000                                             |
| Add issues during the year                                                                                                                                                                                                                                              | -                                                    | -                                                    |
| Less: Buy back/forfeiture during the year                                                                                                                                                                                                                               | -                                                    | -                                                    |
| Number of shares outstanding C.B                                                                                                                                                                                                                                        | 10000000                                             | 10000000                                             |
| i) The rights and preferences and restrictions attaching to the above class of shares                                                                                                                                                                                   |                                                      |                                                      |
| - Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.                                                                                      |                                                      |                                                      |
| - In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders. |                                                      |                                                      |
| j) List of share holders holding more than 5% shares                                                                                                                                                                                                                    | <u>As at 31.03.2016</u><br><u>No. of shares held</u> | <u>As at 31.03.2015</u><br><u>No. of shares held</u> |
| <u>Name</u>                                                                                                                                                                                                                                                             |                                                      |                                                      |
| Mahanagar Telephone Nigam Ltd.                                                                                                                                                                                                                                          | 10000000                                             | 10000000                                             |
| k) During last 5 years:                                                                                                                                                                                                                                                 |                                                      |                                                      |
| i) Aggregate number of shares allotted without being received in cash                                                                                                                                                                                                   | -                                                    | -                                                    |
| ii) Aggregate number of shares allotted as fully paid up by way of bonus shares                                                                                                                                                                                         | -                                                    | -                                                    |
| iii) Aggregate number and class of shares brought back                                                                                                                                                                                                                  | -                                                    | -                                                    |
| Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:                                                                                                                                                     |                                                      |                                                      |
|                                                                                                                                                                                                                                                                         | <u>As at 31.03.2016</u>                              | <u>As at 31.03.2015</u>                              |
| a) On 8.75% Cumulative Preference Shares from 2002-03                                                                                                                                                                                                                   | <u>12250.00</u>                                      | 11375.00                                             |
| (The figures indicated are excluding Dividend Distribution Tax)                                                                                                                                                                                                         |                                                      |                                                      |
| Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints                                                                                        |                                                      |                                                      |
| Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹ 10000 Lakhs                                                                                                                                             | 10000.00                                             | 10000.00                                             |
| <u>-7% Cumulative Redeemable Preference Shares</u>                                                                                                                                                                                                                      |                                                      |                                                      |
| a) <u>Issued</u>                                                                                                                                                                                                                                                        |                                                      |                                                      |
| 20000000, 7.00% Cumulative Redeemable Preference shares of ₹ 100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003                                              | 20000.00                                             | 20000.00                                             |
| b) <u>Subscribed and Fully Paid-up</u>                                                                                                                                                                                                                                  |                                                      |                                                      |
| 20000000, 7.00% Cumulative Redeemable Preference shares of ₹ 100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003                                              | 20000.00                                             | 20000.00                                             |
| c) Subscribed & not fully paid up                                                                                                                                                                                                                                       | -                                                    | -                                                    |
| d) Par value per share(₹ 100)                                                                                                                                                                                                                                           | -                                                    | -                                                    |
| e) Calls un paid                                                                                                                                                                                                                                                        | -                                                    | -                                                    |
| f) Forfeited shares                                                                                                                                                                                                                                                     | -                                                    | -                                                    |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                             | As at 31.03.2016          | As at 31.03.2015          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period                                                                                                                                                           |                           |                           |
| Number of shares outstanding O.B                                                                                                                                                                                                                                        | 20000000                  | 20000000                  |
| Add issues during the year                                                                                                                                                                                                                                              | -                         | -                         |
| Less: Buy back/forfeiture during the year                                                                                                                                                                                                                               | -                         | -                         |
| Number of shares outstanding C.B                                                                                                                                                                                                                                        | 20000000                  | 20000000                  |
| h) The rights and preferences and restrictions attaching to the above class of shares                                                                                                                                                                                   |                           |                           |
| - Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.                                                                                  |                           |                           |
| - In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders. |                           |                           |
| i) List of share holders holding more than 5% shares                                                                                                                                                                                                                    | <u>As at 31.03.2016</u>   | <u>As at 31.03.2015</u>   |
| <u>Name</u>                                                                                                                                                                                                                                                             | <u>No. of shares held</u> | <u>No. of shares held</u> |
| Bharat Sanchar Nigam Ltd.                                                                                                                                                                                                                                               | 20000000                  | 20000000                  |
| j) During last 5 years:                                                                                                                                                                                                                                                 | -                         | -                         |
| i) Aggregate number of shares allotted with out being received in cash                                                                                                                                                                                                  | -                         | -                         |
| ii) Aggregate number of shares allotted as fully paid up by way of bonus shares                                                                                                                                                                                         | -                         | -                         |
| iii) Aggregate number and class of shares brought back                                                                                                                                                                                                                  | -                         | -                         |
| Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears:                                                                                                                                                                       |                           |                           |
|                                                                                                                                                                                                                                                                         | <u>As at 31.03.2016</u>   | <u>As at 31.03.2015</u>   |
| On 7.00% Cumulative Preference Shares from 2003-04                                                                                                                                                                                                                      | 18200.00                  | 16800.00                  |
| (The figures indicated are excluding Dividend Distribution Tax)                                                                                                                                                                                                         |                           |                           |
|                                                                                                                                                                                                                                                                         | <u>As at 31.03.2016</u>   | <u>As at 31.03.2015</u>   |
| Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints                                                                                        |                           |                           |
| Redemption installments due from 31 st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹ 20000 Lakhs                                                                                                                                                | 20000.00                  | 20000.00                  |
| Cumulative Redeemable Preference shares amounting to ₹ 30000 Lakhs overdue for redemption are continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company.                                                     |                           |                           |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                      | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------|------------------|------------------|
| <b>Note No. 2</b>                                |                  |                  |
| <b>RESERVES AND SURPLUS</b>                      |                  |                  |
| <b>a) Capital Reserves</b>                       |                  |                  |
| <b><u>i) Free Land Gifted</u></b>                |                  |                  |
| O.B As per last B/S                              | 25.30            | 25.30            |
| Additions                                        | 0.00             | 0.00             |
| Total                                            | 25.30            | 25.30            |
| Deductions                                       | 0.00             | 0.00             |
| Closing balance                                  | 25.30            | 25.30            |
| <b><u>ii) Free Equipment gifted</u></b>          |                  |                  |
| Opening balance as per last B/S                  | 343.69           | 437.43           |
| Less-Transfer to P&L                             | 93.74            | 93.74            |
| Closing Balance                                  | 249.95           | 343.69           |
| <b><u>iii) Capital Grant in aid</u></b>          |                  |                  |
| As per last Balance Sheet                        | 273057.00        | 271270.00        |
| Transfer from Grant in aid (capital)             | 1815.00          | 1787.00          |
| Closing Balance                                  | 274872.00        | 273057.00        |
| <b><u>b) Capital Redemption Reserve</u></b>      |                  |                  |
| O.B as per last B/S                              | 0.00             | 0.00             |
| Additions                                        | 0.00             | 0.00             |
| Total                                            | 0.00             | 0.00             |
| Deductions                                       | 0.00             | 0.00             |
| Closing balance                                  | 0.00             | 0.00             |
| <b><u>c) Securities premium reserve</u></b>      |                  |                  |
| O.B as per last B/S                              | 29.61            | 29.61            |
| Additions                                        | 0.00             | 0.00             |
| Total                                            | 29.61            | 29.61            |
| Deductions                                       | 0.00             | 0.00             |
| Closing balance                                  | 29.61            | 29.61            |
| <b><u>d) Debenture Redemption reserve</u></b>    |                  |                  |
| Opening balance as per last B/S                  | 0.00             | 0.00             |
| Less-Transfer to General Reserve                 | 0.00             | 0.00             |
| Closing Balance                                  | 0.00             | 0.00             |
| <b><u>e) Revaluation Reserve</u></b>             |                  |                  |
| <b><u>i) Revaluation reserves- Land</u></b>      |                  |                  |
| Opening balance as per last B/S                  | 227611.22        | 227611.21        |
| Less-Reversal on sale of land                    | 0.00             | 0.00             |
| Closing Balance                                  | 227611.22        | 227611.21        |
| <b><u>ii) Revaluation reserves-Buildings</u></b> |                  |                  |
| Opening balance as per last B/S                  | 8429.34          | 9830.13          |
| Less-Transfer to P&L*                            | 603.70           | 1400.79          |
| Closing Balance                                  | 7825.64          | 8429.34          |



## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                               | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------------------|------------------|------------------|
| <u>f) Other Reserves</u>                                  |                  |                  |
| <u>i) General reserve:</u>                                |                  |                  |
| Opening balance as per last B/S                           | 0.00             | 0.00             |
| Add: Transfer from Revaluation Reserve (Dep)              | 603.70           | 0.00             |
| Less-Transfer to P&L                                      | 0.00             | 0.00             |
| Less-Transfer to Surplus                                  | 0.00             | 0.00             |
| Closing Balance                                           | <b>603.70</b>    | 0.00             |
| <u>ii) Profit on Sale of Fixed Assets</u>                 |                  |                  |
| Opening balance as per last B/S                           | 0.00             | 0.00             |
| Less-Transfer to Surplus                                  | 0.00             | 0.00             |
| Closing Balance                                           | <b>0.00</b>      | 0.00             |
| <u>iii) Sale of Technical know-how</u>                    |                  |                  |
| As per last Balance Sheet                                 | 3.50             | 3.50             |
| Less-Transfer to P&L                                      | 0.00             | 0.00             |
| Closing Balance                                           | 3.50             | 3.50             |
| <u>iv) Industrial Housing Subsidy</u>                     |                  |                  |
| As per last Balance Sheet                                 | 6.79             | 6.78             |
| Less-Transfer to P&L                                      | 0.00             | 0.00             |
| Closing Balance                                           | 6.79             | 6.78             |
| <u>v) Investment allowance reserve</u>                    |                  |                  |
| As per last Balance Sheet                                 | 0.00             | 0.00             |
| LESS: Transfer to General reserve                         | 0.00             | 0.00             |
| Closing Balance                                           | <b>0.00</b>      | 0.00             |
| <u>g) Surplus</u>                                         |                  |                  |
| As per last Balance sheet                                 | (516634.11)      | (486921.41)      |
| Add: Profit/(Loss) for the year                           | 25118.71         | (29712.70)       |
| Add: Transfer from General Reserve                        | 0.00             | 0.00             |
| Add: Transfer from Profit on Loss of sale of fixed assets | 0.00             | 0.00             |
| Total                                                     | (491515.39)      | (516634.11)      |
| Less- Appropriations                                      | 0.00             | 0.00             |
| Closing Balance                                           | (491515.39)      | (516634.11)      |
| <u>h) Grant-in-Aid</u>                                    |                  |                  |
| <u>i) Grant-in-aid (Capital) :</u>                        |                  |                  |
| As per last Balance Sheet                                 | 382.81           | 786.54           |
| Add: Receipts during the year                             | 1815.00          | 1786.19          |
| Total                                                     | 2197.81          | 2572.73          |
| Less: Transfer to revenue GIA/Capital reserves            | 1815.00          | 1787.00          |
| Less: Transfer to Profit & Loss Account                   | 375.95           | 402.92           |
| Closing Balance                                           | 6.86             | 382.81           |
| <u>ii) Grant-in-aid (Revenue)</u>                         |                  |                  |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                             | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------|------------------|------------------|
| As per last Balance Sheet               | 0.00             | 0.00             |
| Add : Receipts during the year          | 49402.00         | 16500.00         |
| Total                                   | 49402.00         | 16500.00         |
| Less: Transfer to Profit & Loss Account | 49402.00         | 16500.00         |
| Closing Balance                         | 0.00             | 0.00             |
| Total Grant-in-Aid                      | 6.86             | 382.81           |
| <b>TOTAL RESERVES AND SURPLUS</b>       | <b>19719.17</b>  | <b>(6744.87)</b> |

\* Refer Accounting Policy No. 7.04 for changes in Accounting Policy

**Note No.3**

|                                       |      |      |
|---------------------------------------|------|------|
| Money received against share warrants | 0.00 | 0.00 |
|---------------------------------------|------|------|

**Note No.4**

|                                           |          |          |
|-------------------------------------------|----------|----------|
| Share application money pending allotment | 19200.00 | 19200.00 |
|-------------------------------------------|----------|----------|

During the FY 2014-15 the company has received a sum of ₹19200 Lakhs from Ministry of Communications and IT, Department of Telecommunications towards Equity share application money as the part of the approved CCEA Note submitted by the said department for providing "Financial Assistance" to the company, based on recommendation of BRPSE. The said ministry has extended the time limit upto 30th June 2016 for allotting 192000000 Equity share of ₹10 each to President of India.

**Note No.5****NON-CURRENT LIABILITIES****LONG TERM BORROWINGS****i) SECURED LOANS**

|                       |             |             |
|-----------------------|-------------|-------------|
| Floating Rate Bonds   | 0.00        | 0.00        |
| Term Loans from Banks | 0.00        | 0.00        |
| Others                | 0.00        | 0.00        |
| <b>TOTAL</b>          | <b>0.00</b> | <b>0.00</b> |

**II) UNSECURED LOANS**

|                                                  |                 |                 |
|--------------------------------------------------|-----------------|-----------------|
| Loan from Government of India                    | 30000.00        | 30000.00        |
| Floating Rate Bonds                              | 0.00            | 0.00            |
| Term Loans from Banks                            | 0.00            | 0.00            |
| Deferred payment liabilities                     | 0.00            | 0.00            |
| Deposits                                         | 0.00            | 0.00            |
| Loans and advances from related parties          | 0.00            | 0.00            |
| Long term maturities of finance lease obligation | 0.00            | 0.00            |
| Other loan - Ku Band                             | 0.00            | 0.00            |
| <b>TOTAL</b>                                     | <b>30000.00</b> | <b>30000.00</b> |
| <b>G.TOTAL</b>                                   | <b>30000.00</b> | <b>30000.00</b> |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                                | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No.6</b>                                                                                                                                                                                                                                                           |                  |                  |
| <u>Trade Payables-Non current</u>                                                                                                                                                                                                                                          |                  |                  |
| For goods supplied                                                                                                                                                                                                                                                         |                  |                  |
| - Micro small and medium enterprises                                                                                                                                                                                                                                       | 0.00             | 0.00             |
| - Others                                                                                                                                                                                                                                                                   | 22957.95         | 41658.67         |
| <b>TOTAL</b>                                                                                                                                                                                                                                                               | <b>22957.95</b>  | <b>41658.67</b>  |
| For Expenses and Services                                                                                                                                                                                                                                                  | 59.55            | 143.18           |
| For other Liabilities                                                                                                                                                                                                                                                      | 4.42             | 30.41            |
| <b>TOTAL</b>                                                                                                                                                                                                                                                               | <b>23021.91</b>  | <b>41832.26</b>  |
| <b>Note No.7</b>                                                                                                                                                                                                                                                           |                  |                  |
| <u>Other Long Term Liabilities</u>                                                                                                                                                                                                                                         |                  |                  |
| Security deposit received                                                                                                                                                                                                                                                  | 756.94           | 473.87           |
| Others                                                                                                                                                                                                                                                                     | 456.20           | 156.20           |
| <b>G.TOTAL</b>                                                                                                                                                                                                                                                             | <b>1213.14</b>   | <b>630.07</b>    |
| <b>Note No.8</b>                                                                                                                                                                                                                                                           |                  |                  |
| <u>Long Term Provision</u>                                                                                                                                                                                                                                                 |                  |                  |
| <u>For privilege Leave</u>                                                                                                                                                                                                                                                 |                  |                  |
| As per Last Balance Sheet                                                                                                                                                                                                                                                  | 8635.77          | 10170.39         |
| Less : Transfer to Corporate                                                                                                                                                                                                                                               | 0.00             | 0.00             |
| Add: Provision for the year                                                                                                                                                                                                                                                | 51.19            | (1534.62)        |
| Less: Payments                                                                                                                                                                                                                                                             | 485.65           | 0.00             |
| <b>TOTAL</b>                                                                                                                                                                                                                                                               | <b>8201.31</b>   | <b>8635.77</b>   |
| <u>For sick Leave</u>                                                                                                                                                                                                                                                      |                  |                  |
| As per Last Balance Sheet                                                                                                                                                                                                                                                  | 238.69           | 267.14           |
| Less : Transfer to Corporate                                                                                                                                                                                                                                               | 0.00             | 0.00             |
| Add: Provision for the year                                                                                                                                                                                                                                                | (49.23)          | (28.45)          |
| Less: Payments                                                                                                                                                                                                                                                             | 0.00             | 0.00             |
| <b>TOTAL</b>                                                                                                                                                                                                                                                               | <b>189.46</b>    | <b>238.69</b>    |
| ii) Others                                                                                                                                                                                                                                                                 | 0.00             | 0.00             |
| <b>G. TOTAL</b>                                                                                                                                                                                                                                                            | <b>8390.78</b>   | <b>8874.46</b>   |
| <b>Note No.9</b>                                                                                                                                                                                                                                                           |                  |                  |
| <b>CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                 |                  |                  |
| <u>i) Short term borrowings</u>                                                                                                                                                                                                                                            |                  |                  |
| <u>Loans repayable on demand</u>                                                                                                                                                                                                                                           |                  |                  |
| <u>-secured loans</u>                                                                                                                                                                                                                                                      |                  |                  |
| Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & rawmaterials, debts & advances and second charge on all Fixed Assets both movable and immovable.<br>( Limit ₹ 95300 lakhs, P.Y. ₹111865 lakhs) | 83891.42         | 92083.08         |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                        | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| <u>-Unsecured loans</u>                                                                            |                  |                  |
| Loans and advances from related parties                                                            | 0.00             | 0.00             |
| Deposits                                                                                           | 0.00             | 0.00             |
| Other loans and advances                                                                           | 0.00             | 0.00             |
| <b>TOTAL</b>                                                                                       | <b>83891.42</b>  | <b>92083.08</b>  |
| <u>Note No.10</u>                                                                                  |                  |                  |
| <u>Trade Payables</u>                                                                              |                  |                  |
| For goods supplied                                                                                 |                  |                  |
| - Micro, small and medium enterprises                                                              | 13.84            | 5.38             |
| - Others                                                                                           | 107796.80        | 101830.99        |
| <b>TOTAL</b>                                                                                       | <b>107810.65</b> | <b>101836.37</b> |
| For Expenses and Services                                                                          | 35847.05         | 57096.79         |
| For Other Liabilities(Including Excise duty on Stock-in-Trade                                      | 43853.37         | 27536.35         |
| ₹0.00 Lakhs P.Y. ₹0.00 Lakhs)                                                                      |                  |                  |
| For goods received and in transit adv as per contra in Note No. 22                                 | 0.00             | 0.00             |
| <b>TOTAL</b>                                                                                       | <b>187511.06</b> | <b>186469.51</b> |
| Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2016 | 23.79            | 23.79            |

A list of micro, small and medium enterprises to whom the Company owe any sum together with interest outstanding to the extent identified.

AS PER ENCLOSURE

Disclosure of dues/payments to micro and small enterprises to the extent such enterprises are identified by the company.

|                                                                                                                                                                                           |       |      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|
| (a) Principal amount remain unpaid on 31.03.2016.                                                                                                                                         | 13.84 | 5.38 |
| (b) Interest due thereon remaining unpaid on 31.03.2016.                                                                                                                                  | 0.00  | 0.00 |
| (c) The amount of interest paid and principal paid beyond the appointed day during the financial year 2015-16.                                                                            | 0.00  | 0.00 |
| (d) Amount of interest due and payable for delay in payments(which have been paid beyond the appointed day during the F.Y.2015-16) but without adding interest under the MSMED Act, 2007. | 0.00  |      |
| (e) Amount of interest accrued and remaining unpaid on 31.03.2016.                                                                                                                        | 0.00  | 0.00 |
| (f) Amount of further Interest remaining due and payable even in succeeding years (until such interest dues are paid to small enterprises).                                               | 0.00  | 0.00 |

Note No.11Other current liabilitiescurrent maturities of long term debtsCurrent maturities of finance lease obligations

|                                            |      |      |
|--------------------------------------------|------|------|
| Interest Accrued but not due on Borrowings | 0.00 | 0.00 |
|--------------------------------------------|------|------|

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                   | As at 31.03.2016  | As at 31.03.2015 |
|-----------------------------------------------------------------------------------------------|-------------------|------------------|
| Interest Accrued and due on Borrowings                                                        | 0.00              | 0.00             |
| Income received in advance                                                                    | 0.00              | 0.00             |
| Unpaid matured deposits and interest accrued thereon                                          | 0.00              | 0.00             |
| Unpaid matured debentures and interest accrued thereon                                        | 0.00              | 0.00             |
| For Expenses and Services                                                                     | 3208.89           | 4945.46          |
| For Other Liabilities (including Excise Duty on Stock in Trade NIL Previous year ₹ NIL lakhs) | 38777.68          | 37985.32         |
| Other payables                                                                                | 1877.43           | 1904.14          |
| Duties & Taxes                                                                                | 836.06            | 658.88           |
| Advances from Customers                                                                       | 75792.60          | 13626.66         |
| Unclaimed Dividend                                                                            | 0.00              | 0.00             |
| Interest accrued but not due on Loans                                                         | 0.00              | 0.00             |
| Wage revision Arrears                                                                         | 3145.54           | 4759.48          |
| Deposits from Contractors                                                                     | 3905.05           | 3786.63          |
| <b>TOTAL</b>                                                                                  | <b>127,543.26</b> | <b>67666.57</b>  |

**Note No.12****SHORT TERM PROVISIONS**For Taxation

|                                                           |              |              |
|-----------------------------------------------------------|--------------|--------------|
| As per last Balance Sheet                                 | 53.75        | 53.75        |
| Add: Provisions during the year                           | 0.00         | 0.00         |
| Less: Adjustments of provisions relating to earlier years | 0.00         | 0.00         |
| <b>Total</b>                                              | <b>53.75</b> | <b>53.75</b> |

For gratuity

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| As per Last Balance Sheet         | 30201.14        | 27930.44        |
| Add: Provision for the year       | 2978.50         | 2270.70         |
| Less: Transfer to gratuity trust  | 13000.00        | 0.00            |
| Add: Transfer from gratuity trust | 5939.14         | 6476.43         |
| Add: Transfer from Corporate      | 0.00            | 0.00            |
| Less: Payments                    | 5939.14         | 6476.43         |
| <b>Total</b>                      | <b>20179.64</b> | <b>30201.14</b> |

For privilege Leave

|                              |         |         |
|------------------------------|---------|---------|
| As per Last Balance Sheet    | 4723.83 | 5092.32 |
| Less : Transfer to Corporate | 0.00    | 0.00    |
| Add: Provision for the year  | 542.55  | 1373.65 |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                  | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------|------------------|------------------|
| Less: Payments               | 1496.96          | 1742.14          |
| Total                        | 3769.41          | 4723.83          |
| <u>For sick Leave</u>        |                  |                  |
| As per Last Balance Sheet    | 112.03           | 103.36           |
| Add: Provision for the year  | (109.32)         | 8.68             |
| Less: Payments               | 0.00             | 0.00             |
| Total                        | 2.71             | 112.04           |
| <u>For L L T C provision</u> |                  |                  |
| As per Last Balance Sheet    | 161.90           | 105.63           |
| Add: Provision for the year  | 43.73            | 74.19            |
| Less: Payments               | 20.84            | 17.92            |
| TOTAL                        | 184.80           | 161.90           |
| G.TOTAL                      | 24190.31         | 35252.66         |

## Notes to the Financial Statements (Contd...)

## Note No.13

## Fixed Assets

## Tangible assets

| GROSS BLOCK AT COST         |                     |                                                    |         |           |                                                |                                 |                     |
|-----------------------------|---------------------|----------------------------------------------------|---------|-----------|------------------------------------------------|---------------------------------|---------------------|
| PARTICULARS                 | AS AT<br>31.03.2015 | ADDITIONS DURING<br>THE YEAR                       |         | SUB TOTAL | ASSETS SOLD/<br>SCRAPPED<br>DURING THE<br>YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | AS AT<br>31.03.2016 |
|                             |                     | Acquisitions<br>through<br>business<br>combination | Others  |           |                                                |                                 |                     |
| TANGIBLE ASSETS             | 1                   | 2                                                  | 3       | 4=1+2+3   | 5                                              | 6                               | 7=4-5-6             |
| LAND                        |                     |                                                    |         |           |                                                |                                 |                     |
| -FREE HOLD                  | 228601.50           | 0.00                                               | 0.00    | 228601.50 | 0.00                                           | 0.00                            | 228601.50 *         |
| -LEASE HOLD                 | 142.82              | 0.00                                               | 0.00    | 142.82    | 0.00                                           | 0.00                            | 142.82 ****         |
| ASSETS GIVEN ON LEASE       | 7.53                | 0.00                                               | 0.00    | 7.53      | 0.00                                           | 0.00                            | 7.53                |
| LAND DEVELOPMENT            | 21.37               | 0.00                                               | 0.00    | 21.37     | 0.00                                           | 0.00                            | 21.37               |
| BUILDING                    | 53011.20            | 0.00                                               | 79.15   | 53090.35  | 0.00                                           | 0.00                            | 53090.36 **         |
| PLANT& MACHINERY            | 57318.74            | 0.00                                               | 3931.69 | 61250.43  | 0.00                                           | 0.00                            | 61250.41 ***        |
| OTHER EQUIPMENT             | 21593.22            | 0.00                                               | 743.18  | 22336.40  | 0.00                                           | 0.00                            | 22336.40            |
| OFFICE M/C & EQPT           | 2499.34             | 0.00                                               | 22.56   | 2521.90   | 0.00                                           | 21.25                           | 2500.65             |
| FURNITURE FIXTURE& FITTINGS | 1982.76             | 0.00                                               | 9.03    | 1991.79   | 0.00                                           | 1.97                            | 1989.82             |
| VEHICLES                    | 915.94              | 0.00                                               | 2.93    | 918.87    | 0.00                                           | 0.00                            | 918.83              |
| ELECTRICAL INSTALLATION     | 14.04               | 0.00                                               | 0.00    | 14.04     | 0.00                                           | 0.00                            | 14.04               |
| TOTAL                       | 366108.46           | 0.00                                               | 4788.54 | 370897.00 | 0.00                                           | 23.22                           | 370873.73           |
| PREVIOUS YEAR               | 366727.11           | 0.00                                               | 80.61   | 366807.72 | 699.26                                         | 0.00                            | 366108.46           |

1. There is a charge of ₹ 7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. With reference to Accounting Policy No.7 depreciation has been charged on Fixed assets over their assessed useful life as under.

## Fixed Assets

## (Years)

|                                                                              |    |
|------------------------------------------------------------------------------|----|
| A. (a) Building (other than factory buildings)                               | 60 |
| (b) Factory building                                                         | 30 |
| (c) Purely temporary erections                                               | 3  |
| (d) Building with dwelling units each with plinth area not exceeding 80 sqm. | 30 |
| B. Furniture & Fittings                                                      | 10 |
| C. Plant & Machinery                                                         |    |
| (a) General Rate (on double shift basis)                                     | 10 |
| (b) Special Rate : - Servers & Networks                                      | 6  |
| (c) Data Processing Machines including Computers                             | 3  |
| D. Roads and compound Walls                                                  | 10 |
| E. Office Machinery and Equipment                                            | 5  |
| F. Vehicles                                                                  | 8  |
| G. Assets costing less than `5,000/- are depreciated @ 100%                  |    |



## Notes to the Financial Statements (Contd...)

₹ in Lakhs

| DEPRECIATION     |                                                    |         |              |                                                   |                                 |                                                       | NET BLOCK          |                                              |                                           |
|------------------|----------------------------------------------------|---------|--------------|---------------------------------------------------|---------------------------------|-------------------------------------------------------|--------------------|----------------------------------------------|-------------------------------------------|
| FOR THE YEAR     |                                                    |         |              |                                                   |                                 |                                                       |                    |                                              |                                           |
| UPTO<br>31.03.15 | Acquisitions<br>through<br>business<br>combination | OTHERS  | SUB<br>TOTAL | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | Impairment<br>loss/ Reversal<br>of Impairment<br>Loss | UPTO<br>31.03.2016 | Net<br>Carrying<br>Value as at<br>31.03.2016 | Net Carrying<br>Value as at<br>31.03.2015 |
| 8                | 9                                                  | 10      | 11=8+9+10    | 12                                                | 13                              | 14                                                    | 15=11-12-13-14     | 16=7-15                                      | 17                                        |
| 0.00             | 0.00                                               | 0.00    | 0.00         | 0.00                                              | 0.00                            | 0.00                                                  | 0.00               | 228601.50                                    | 228601.50                                 |
| 24.09            | 0.00                                               | 0.27    | 24.36        | 0.00                                              | 0.00                            | 0.00                                                  | 24.36              | 118.46                                       | 118.73                                    |
| 7.53             | 0.00                                               | 0.00    | 7.53         | 0.00                                              | 0.00                            | 0.00                                                  | 7.53               | 0.00                                         | 0.00                                      |
| 21.37            | 0.00                                               | 0.00    | 21.37        | 0.00                                              | 0.00                            | 0.00                                                  | 21.37              | 0.00                                         | 0.00                                      |
| 42481.66         | 0.00                                               | 731.38  | 43213.04     | 0.00                                              | 0.00                            | 0.00                                                  | 43213.04           | 9877.32                                      | 10529.54                                  |
| 54652.21         | 0.00                                               | 455.85  | 55108.06     | 0.00                                              | 0.00                            | 0.00                                                  | 55108.06           | 6142.35                                      | 2666.53                                   |
| 21285.01         | 0.00                                               | 65.06   | 21350.07     | 0.00                                              | 0.00                            | 0.00                                                  | 21350.07           | 986.33                                       | 308.21                                    |
| 2458.89          | 0.00                                               | 23.06   | 2481.95      | 0.00                                              | 21.23                           | 0.00                                                  | 2460.72            | 39.94                                        | 40.45                                     |
| 1948.26          | 0.00                                               | 3.35    | 1951.61      | 0.00                                              | 1.97                            | 0.00                                                  | 1949.64            | 40.18                                        | 34.50                                     |
| 871.68           | 0.00                                               | 9.40    | 881.08       | 0.00                                              | 0.00                            | 0.00                                                  | 881.08             | 37.75                                        | 44.26                                     |
| 14.04            | 0.00                                               | 0.00    | 14.04        | 0.00                                              | 0.00                            | 0.00                                                  | 14.04              | 0.00                                         | 0.00                                      |
| 123764.74        | 0.00                                               | 1288.37 | 125053.11    | 0.00                                              | 23.20                           | 0.00                                                  | 125029.91          | 245843.83                                    | 242343.72                                 |
| 121597.84        | 0.00                                               | 2866.16 | 124464.00    | 699.26                                            | 0.00                            | 0.00                                                  | 123764.74          | 242343.72                                    | 245129.27                                 |

However, in respect of assets having original cost of ₹ 50,000/- and above, a residual balance of ₹5/- has been retained in the books.

- \* i) Includes ₹ 25 Lakhs value of land (Before revaluation) gifted by UP Govt. credited to Capital Reserve.
- ii) (a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.
- (b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bangalore & Mankapur) are yet to be executed by the respective State Governments.
- (c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.
- (d) Registered valuers have revalued Land of the company on 31.3.2006. Land with original cost of ₹ 1000 Lakhs and written down value of ₹1000 Lakhs have been revalued at ₹ 228637 Lakhs, resulting in an increase in value by ₹ 227637 Lakhs.

- (e) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.

- iii) 1.83 acres of land is leased to Southern Railways and 0.286 acres of land is leased to ESI corporation.

\*\* Registered valuers have revalued Buildings of the company on 31.3.2006. Buildings with original cost of ₹ 15277 Lakhs and written down value of ₹ 4631 Lakhs have been revalued at ₹ 42388 Lakhs, resulting in an increase in value by ₹ 37757 Lakhs.

- \*\*\* i) Includes ₹ 85 Lakhs of plant & machinery given free of cost by UNIDO.
- ii) Includes ₹ 60 Lakhs of plant & machinery cost of which is borne by Ministry of Information Technology.
- iii) Includes cost of fixed assets worth ₹ 5000 Lakhs procured out of Grant received from Government of India during 2004-05.
- iv) includes ₹ 937 Lakhs of plant, machinery and Equipments received free of cost by Rae Bareilly unit.

\*\*\*\* Includes ₹ 26.94 Lakhs payment made to J&K Govt for which lease deed proceedings are in process.

## Notes to the Financial Statements (Contd...)

**Note No.14****Intangible assets**

| GROSS BLOCK AT COST         |                     |                                                    |        |              |                                                |                                 |                     |
|-----------------------------|---------------------|----------------------------------------------------|--------|--------------|------------------------------------------------|---------------------------------|---------------------|
| PARTICULARS                 | AS AT<br>31.03.2015 | ADDITIONS DURING<br>THE YEAR                       |        | SUB<br>TOTAL | ASSETS SOLD/<br>SCRAPPED<br>DURING THE<br>YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | AS AT<br>31.03.2016 |
|                             |                     | Acquisitions<br>through<br>business<br>combination | Others |              |                                                |                                 |                     |
| INTANGIBLE ASSETS           | 1                   | 2                                                  | 3      | 4=1+2+3      | 5                                              | 6                               | 7=4-5-6             |
| INTERNALLY GENERATED ASSETS |                     |                                                    |        |              |                                                |                                 |                     |
| PROJECT DEVELOPMENT EXS     | 1347.26             | 0.00                                               | 0.00   | 1347.26      | 0.00                                           | 0.00                            | 1347.26             |
| OTHERS                      | 0.00                | 0.00                                               | 0.00   | 0.00         | 0.00                                           | 0.00                            | 0.00                |
| EXTERNALLY GENERATED ASSETS |                     |                                                    |        |              |                                                |                                 |                     |
| TECHNICAL KNOWHOW           | 1567.77             | 0.00                                               | 0.00   | 1567.77      | 0.00                                           | 0.00                            | 1567.77             |
| OTHERS                      | 0.00                | 0.00                                               | 0.00   | 0.00         | 0.00                                           | 0.00                            | 0.00                |
| TOTAL                       | 2915.03             | 0.00                                               | 0.00   | 2915.03      | 0.00                                           | 0.00                            | 2915.03             |
| PREVIOUS YEAR               | 2915.03             | 0.00                                               | 0.00   | 2915.03      | 0.00                                           | 0.00                            | 2915.03             |

## Notes to the Financial Statements (Contd...)

₹ in Lakhs

| DEPRECIATION     |                                                    |        |              |                                                   |                                 |                                                       | NET BLOCK          |                                              |                                           |
|------------------|----------------------------------------------------|--------|--------------|---------------------------------------------------|---------------------------------|-------------------------------------------------------|--------------------|----------------------------------------------|-------------------------------------------|
| FOR THE YEAR     |                                                    |        |              |                                                   |                                 |                                                       |                    |                                              |                                           |
| UPTO<br>31.03.15 | Acquisitions<br>through<br>business<br>combination | OTHERS | SUB<br>TOTAL | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | Impairment<br>loss/ Reversal<br>of Impairment<br>Loss | UPTO<br>31.03.2016 | Net<br>Carrying<br>Value as at<br>31.03.2016 | Net Carrying<br>Value as at<br>31.03.2015 |
| 8                | 9                                                  | 10     | 11=8+9+10    | 12                                                | 13                              | 14                                                    | 15=11-12-13-14     | 16=7-15                                      | 17                                        |
| 1347.26          | 0.00                                               | 0.00   | 1347.26      | 0.00                                              | 0.00                            | 0.00                                                  | 1347.26            | 0.00                                         | 0.00                                      |
| 0.00             | 0.00                                               | 0.00   | 0.00         | 0.00                                              | 0.00                            | 0.00                                                  | 0.00               | 0.00                                         | 0.00                                      |
| 1567.77          | 0.00                                               | 0.00   | 1567.77      | 0.00                                              | 0.00                            | 0.00                                                  | 1567.77            | 0.00                                         | 0.00                                      |
| 0.00             | 0.00                                               | 0.00   | 0.00         | 0.00                                              | 0.00                            | 0.00                                                  | 0.00               | 0.00                                         | 0.00                                      |
| 2915.03          | 0.00                                               | 0.00   | 2915.03      | 0.00                                              | 0.00                            | 0.00                                                  | 2915.03            | 0.00                                         | 0.00                                      |
| 2758.25          | 0.00                                               | 156.78 | 2915.03      | 0.00                                              | 0.00                            | 0.00                                                  | 2915.03            | 0.00                                         | 156.78                                    |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                              | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No.15</b>                                                                                                                                                                        |                  |                  |
| <b>CAPITAL WORK-IN-PROGRESS</b>                                                                                                                                                          |                  |                  |
| Capital Work-in-Progress at Cost                                                                                                                                                         | 4948.44          | 3223.82          |
| Less: Provision                                                                                                                                                                          | 0.44             | 0.44             |
| Total                                                                                                                                                                                    | 4948.00          | 3223.38          |
| Materials with Contractors                                                                                                                                                               | 28.93            | 28.93            |
| Less : Provision                                                                                                                                                                         | 28.93            | 28.93            |
| Total                                                                                                                                                                                    | 0.00             | 0.00             |
| <b>Machinery at Cost</b>                                                                                                                                                                 |                  |                  |
| In-Transit                                                                                                                                                                               | 109.08           | 6.58             |
| Awaiting Acceptance / Installation                                                                                                                                                       | 4117.31          | 78.07            |
| Total                                                                                                                                                                                    | 4226.39          | 84.65            |
| Less:Provision                                                                                                                                                                           | 6.09             | 6.09             |
| TOTAL                                                                                                                                                                                    | 4220.30          | 78.56            |
| G.TOTAL                                                                                                                                                                                  | 9168.30          | 3301.94          |
| <b>Note No.16</b>                                                                                                                                                                        |                  |                  |
| Intangible assets under development                                                                                                                                                      | 0.00             | 0.00             |
| <b>Note No.17</b>                                                                                                                                                                        |                  |                  |
| <b>NON- CURRENT INVESTMENTS</b>                                                                                                                                                          |                  |                  |
| <b>Investment in Equity instruments</b>                                                                                                                                                  |                  |                  |
| Fully Paid at Cost (unquoted)                                                                                                                                                            | 40.55            | 40.55            |
| 16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares (extent of investment 49%) | 0.00             | 0.00             |
| TOTAL                                                                                                                                                                                    | 40.55            | 40.55            |
| <b>Note No.18</b>                                                                                                                                                                        |                  |                  |
| Deferred tax assets(net)                                                                                                                                                                 | 0.00             | 0.00             |
| TOTAL                                                                                                                                                                                    | 0.00             | 0.00             |
| <b>Note No.19</b>                                                                                                                                                                        |                  |                  |
| <b>Long term loans and advances</b>                                                                                                                                                      |                  |                  |
| <b>Secured and considered good:</b>                                                                                                                                                      |                  |                  |
| Capital Advances                                                                                                                                                                         | 6.89             | 6.89             |
| Security Deposits/ Margin money                                                                                                                                                          | 0.00             | 0.00             |
| Loans and advances                                                                                                                                                                       | 0.00             | 0.00             |
| <b>Considered Doubtful:</b>                                                                                                                                                              |                  |                  |
| Capital Advances                                                                                                                                                                         | 30.02            | 28.40            |
| Security Deposits                                                                                                                                                                        | 0.00             | 0.00             |
| Loans and advances                                                                                                                                                                       | 0.00             | 0.00             |
| Total                                                                                                                                                                                    | 36.91            | 35.29            |
| less: provision                                                                                                                                                                          | 29.50            | 28.40            |
| TOTAL SECURED LOANS & ADVANCES                                                                                                                                                           | 7.41             | 6.89             |
| <b>Un Secured and considered good:</b>                                                                                                                                                   |                  |                  |
| Capital Advances                                                                                                                                                                         | 0.00             | 1.62             |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                          | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Security Deposits                                                                                                                    | 0.59             | 0.59             |
| Loans and advances                                                                                                                   | 15.01            | 18.32            |
| Considered Doubtful:                                                                                                                 | 0.00             |                  |
| Capital Advances                                                                                                                     | 0.00             | 0.00             |
| Security Deposits                                                                                                                    | 0.00             | 225.28           |
| Loans and advances                                                                                                                   | 0.00             | 0.00             |
| Total                                                                                                                                | 15.60            | 245.81           |
| less: provision                                                                                                                      | 0.00             | 1.10             |
| Loans and advances due from related parties:                                                                                         |                  |                  |
| ISL                                                                                                                                  | 0.00             | 0.00             |
| TOTAL UNSECURED LOANS& ADVANCES                                                                                                      | 15.60            | 244.71           |
| TOTAL LOANS AND ADVANCES                                                                                                             | 23.01            | 251.60           |
| <u>Note No.20</u>                                                                                                                    |                  |                  |
| <u>Long Term trade Receivables</u>                                                                                                   |                  |                  |
| <u>Secured</u>                                                                                                                       |                  |                  |
| - Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good | 0.00             | 0.00             |
| Considered Doubtful                                                                                                                  | 0.00             | 0.00             |
| - Others not exceeding 6 months                                                                                                      | 0.00             | 0.00             |
| Total                                                                                                                                | 0.00             | 0.00             |
| less: Provision                                                                                                                      | 0.00             | 0.00             |
|                                                                                                                                      | 0.00             | 0.00             |
| <u>Un Secured</u>                                                                                                                    |                  |                  |
| - Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good | 105087.55        | 37790.75         |
| Considered Doubtful                                                                                                                  | 2778.21          | 3339.06          |
| - Others not exceeding 6 months                                                                                                      | 0.00             | 0.00             |
| Total                                                                                                                                | 107865.76        | 41129.81         |
| less: Provision                                                                                                                      | 2778.21          | 3339.06          |
|                                                                                                                                      | 105087.55        | 37790.75         |
| G.Total                                                                                                                              | 105087.55        | 37790.75         |
| <u>Note No.21</u>                                                                                                                    |                  |                  |
| CURRENT ASSETS                                                                                                                       |                  |                  |
| Current investments                                                                                                                  | 0.00             | 0.00             |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                                         | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No.22</b>                                                                                   |                  |                  |
| <b>INVENTORIES</b>                                                                                  |                  |                  |
| (Valued as per Accounting Policy No.3.00)                                                           |                  |                  |
| a) Raw material and Production stores                                                               | 5653.61          | 5622.02          |
| Less: Provision for Obsolescence                                                                    | <u>1540.76</u>   | <u>1551.01</u>   |
|                                                                                                     | 4112.85          | 4071.01          |
| b) Material issued against Fabrication Contracts                                                    | 98.06            | 100.23           |
| Less: Provision                                                                                     | <u>95.47</u>     | <u>95.47</u>     |
|                                                                                                     | 2.59             | 4.76             |
| c) Non-Production Stores                                                                            | 846.45           | 802.98           |
| Less: Provision for Obsolescence                                                                    | <u>251.55</u>    | <u>251.55</u>    |
|                                                                                                     | 594.89           | 551.43           |
| d) Work-in-Process Production                                                                       | 2234.04          | 2682.27          |
| Less: Provision                                                                                     | <u>273.76</u>    | <u>273.76</u>    |
|                                                                                                     | 1960.29          | 2408.51          |
| e) Work-in-Process Installation                                                                     | 0.00             | 0.00             |
| Less: Provision                                                                                     | <u>0.00</u>      | <u>0.00</u>      |
|                                                                                                     | 0.00             | 0.00             |
| f) Manufactured Components                                                                          | 1339.98          | 1053.51          |
| Less: Provision                                                                                     | <u>33.86</u>     | <u>33.86</u>     |
|                                                                                                     | 1306.12          | 1019.65          |
| g) Finished Goods                                                                                   |                  |                  |
| Stock-in-Trade                                                                                      | 1672.08          | 1554.06          |
| ( includes ₹ Nil Lakhs, items despatched to customers awaiting billing(Previous year ₹137.89 Lakhs) |                  |                  |
| Excise Duty thereon                                                                                 | <u>72.36</u>     | <u>56.51</u>     |
|                                                                                                     | 1744.44          | 1610.57          |
| Less: Provision                                                                                     | <u>1044.61</u>   | <u>1044.61</u>   |
|                                                                                                     | 699.83           | 565.96           |
| h) Stock Reconciliation Account                                                                     | 10.08            | 9.89             |
| Less: Provision                                                                                     | <u>10.08</u>     | <u>9.89</u>      |
|                                                                                                     | 0.00             | 0.00             |
| i) Goods Pending Inspection / Acceptance                                                            | 578.92           | 53.69            |
| j) Material-in-Transit Advances                                                                     |                  |                  |
| Considered Good                                                                                     | 1080.10          | 616.14           |
| Considered Doubtful                                                                                 | <u>82.23</u>     | <u>82.23</u>     |
|                                                                                                     | 1162.33          | 698.37           |
| Less: Provision                                                                                     | <u>82.23</u>     | <u>82.23</u>     |
|                                                                                                     | 1080.10          | 616.14           |
| k) Material received and In-Transit Advances payable as per contra in Schedule 6.1                  | 47.43            | 41.59            |
| l) Tools and Gauges                                                                                 | 0.00             | 1.54             |
| <b>TOTAL</b>                                                                                        | <u>10383.02</u>  | <u>9334.28</u>   |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                           | As at 31.03.2016 | As at 31.03.2015 |
|---------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No.23</b>                                                                     |                  |                  |
| <b>Trade Receivables (Current)</b>                                                    |                  |                  |
| <b>Secured</b>                                                                        |                  |                  |
| Outstanding for a period exceeding 6 months from the date they become due for payment |                  |                  |
| Considered Good                                                                       | 0.00             | 0.00             |
| Considered Doubtful                                                                   | 0.00             | 0.00             |
|                                                                                       | 0.00             | 0.00             |
| Other for a period of not exceeding 6 months: Considered Good                         | 0.00             | 0.00             |
|                                                                                       | 0.00             | 0.00             |
| Less:Provision                                                                        | 0.00             | 0.00             |
|                                                                                       | 0.00             | 0.00             |
| <b>Un Secured</b>                                                                     |                  |                  |
| Outstanding for a period exceeding 6 months from the date they become due for payment |                  |                  |
| Considered Good                                                                       | 131725.82        | 164414.62        |
| Considered Doubtful                                                                   | 1599.82          | 3450.51          |
|                                                                                       | 133325.64        | 167865.13        |
| Other for a period of not exceeding 6 months: Considered Good                         | 39632.89         | 19666.09         |
|                                                                                       | 172958.53        | 187531.22        |
| Less:Provision                                                                        | 1599.82          | 3450.51          |
|                                                                                       | 171358.71        | 184080.71        |
| <b>TOTAL TRADE RECEIVABLES</b>                                                        | <b>171358.71</b> | <b>184080.71</b> |
| <b>Note No. 24</b>                                                                    |                  |                  |
| <b>Cash and cash equivalents</b>                                                      |                  |                  |
| a)Cash-on-Transit                                                                     | 78.30            | 78.30            |
| b)Cash on hand                                                                        | 24.58            | 41.02            |
| c) Cheques & Stamps on Hand                                                           | 0.48             | 0.86             |
| d) Balance with Banks :                                                               |                  |                  |
| - On Current Account                                                                  | 11476.59         | 26674.55         |
| - On Current Account (Apprentices)                                                    | 5.79             | 5.79             |
| Unpaid Dividend                                                                       | 0.00             | 0.00             |
| Security deposits/others                                                              | 7.06             | 0.00             |
| LC Margin money                                                                       | 0.00             | 250.00           |
| On Savings Account(Apprentices Security Deposits)                                     | 2.47             | 6.22             |
| On short term deposit (margin money)                                                  | 73.94            | 65.73            |
| On current Account(Margin money)                                                      | 0.00             | 0.00             |
| On Fixed Deposit Account- More than 12 months maturity                                | 0.00             | 0.00             |
| On Fixed Deposit Account- Less than 12 months maturity                                | 450.00           | 0.00             |
| <b>TOTAL</b>                                                                          | <b>12119.21</b>  | <b>27122.47</b>  |

\* includes a sum of ₹ 5.81 lakhs held under current account with Canara Bank for which neither confirmation of balance nor statement of accounts is available.



## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                                        | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No. 25</b>                                                                                 |                  |                  |
| Short-term loans and advances                                                                      |                  |                  |
| <u>Secured Advances recoverable in cash or in kind or for value to be received</u>                 |                  |                  |
| Vehicles                                                                                           | 0.03             | 0.03             |
| House building                                                                                     | 0.00             | 0.00             |
| Deposits with Customs Department                                                                   | 7.10             | 8.51             |
| Deposits with Excise Authorities                                                                   | 2501.78          | 2458.76          |
| Other Deposits (includes ₹ 0.00 lakhs of National saving Certificates. Previous year ₹ 0.00 lakhs) | 536.22           | 2179.57          |
| Less: Provision                                                                                    | 0.00             | 250.65           |
| TOTAL                                                                                              | 3045.13          | 4396.22          |
| <u>Un secured Advances recoverable in cash or in kind or for value to be received</u>              |                  |                  |
| Considered Good                                                                                    | 8439.43          | 7849.66          |
| Considered Doubtful                                                                                | 1612.49          | 1612.49          |
|                                                                                                    | 10051.91         | 9462.15          |
| Less: Provision                                                                                    | 1517.83          | 1612.49          |
|                                                                                                    | 8534.09          | 7849.66          |
| Claims and Expenses Recoverable - Inland                                                           |                  |                  |
| Considered Good                                                                                    | 14604.58         | 15985.77         |
| Considered Doubtful                                                                                | 678.68           | 678.67           |
|                                                                                                    | 15283.26         | 16664.44         |
| Less: Provision                                                                                    | 678.68           | 678.67           |
|                                                                                                    | 14604.58         | 15985.77         |
| Claims and expenses recoverable - Foreign                                                          |                  |                  |
| Considered good                                                                                    | 47.28            | 69.71            |
| Considered doubtful (due from related party ITI-C is ₹ 47.9 Lakhs (PY ₹ 47.90 Lakhs ))             | 1204.32          | 1204.32          |
|                                                                                                    | 1251.60          | 1274.03          |
| Less: Provision                                                                                    | 1204.32          | 1204.32          |
|                                                                                                    | 47.28            | 69.71            |
| Advance for Civil Works/ Capital Goods                                                             |                  |                  |
| Considered good                                                                                    | 0.00             | 0.00             |
| Considered doubtful                                                                                | 0.00             | 0.00             |
|                                                                                                    | 0.00             | 0.00             |
| Less: Provision                                                                                    | 0.00             | 0.00             |
|                                                                                                    | 0.00             | 0.00             |
| Payment of Advance tax (Net of refunds)                                                            | 1936.57          | 389.92           |
| Vehicle advance                                                                                    | 0.00             | 0.00             |
| Other Deposits                                                                                     | 918.56           | 972.03           |
| Less: Provision                                                                                    | 256.00           | 5.35             |
|                                                                                                    | 662.56           | 966.68           |
| Interest accrued but not due on short term deposits                                                | 17.19            | 116.74           |
| TOTAL                                                                                              | 25802.26         | 25378.48         |
| TOTAL SHORT TERM LOANS AND ADVANCES                                                                | 28847.39         | 29774.70         |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                                                            | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| a) Claims and expenses recoverable - inland- includes ₹1690.20Lakhs (previous year ₹1690.20 Lakhs) recoverable from M/s HCL Infosystem Ltd . as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel. |                  |                  |
| b) Claims and expenses recoverable - inland- ₹ 140.27 Lacs (₹ 140.27 Lacs) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2016-2017                                                                     |                  |                  |
| c) Claim Recoverable - in land - ₹ 1049.41 lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.                                                                                                     |                  |                  |

**Note No. 26**Other current assets

|                       |               |              |
|-----------------------|---------------|--------------|
| Taxes & Duties in put | 593.76        | 7.46         |
| WCT Recoverable       | 15.72         | 15.56        |
| <b>TOTAL</b>          | <b>609.48</b> | <b>23.02</b> |

**Note No. 27**REVENUE FROM OPERATIONS

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|
| i) Sale of Products (Incl. Excise duty and net of Sales tax )                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 68957.83           | 20480.49        |
| Sale of Finished Goods ₹ 10217.21Lacs<br>( P.Y. ₹ 8333.84Lacs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                 |
| Sale of Traded Goods ₹ 58740.62Lacs<br>( P.Y. ₹ 12146.65 Lacs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                 |
| ii) Sale of services (Incl. Service Tax)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 56375.22           | 41499.35        |
| iii) Other Operating Revenues:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                 |
| a) Sale of Scrap                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1.12               | 0.75            |
| b) Income from DLRC Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 109.87             | 114.62          |
| c) Non competing fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.00               | 0.00            |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>125444.0458</b> | <b>62095.21</b> |
| less: Excise Duty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 289.21             | 478.01          |
| Less: Service Tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 6109.43            | 4184.06         |
| <b>Total Revenue from operations-Net</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>119045.40</b>   | <b>57433.14</b> |
| Sales accounted on provisional basis/prices for supply of various equipments. Variation, if any, will be accounted on the determination of final prices. Impact on profit is not ascertainable. Where firm rates for sales are not established accounting for refund/adjustment of Excise Duty/Sales Tax is on provisional basis. The aggregate provisional sales during the Year is ₹ Nil lakhs as against ₹ Nil lakhs of the previous year. The reversal of the provisional sales relating to previous years during the Year is ₹ Nil. | 0.00               | 0.00            |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                         | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------------|------------------|------------------|
| <u>Sales under broad heads</u>                      |                  |                  |
| 1. NPR                                              | 46.62            | 802.16           |
| 2. Electronic Switching Equipments                  | 1024.80          | 430.20           |
| 3. MLLN                                             | 668.06           | 739.80           |
| 4. SIM Card                                         | 0.00             | 87.43            |
| 5. Transmission Equipment                           | 803.41           | 1813.74          |
| 6. Telephone                                        | 12.03            | 206.20           |
| 7. STM                                              | 0.00             | 0.00             |
| 8. DWDM                                             | 0.00             | 0.00             |
| 9. SOLAR PANEL                                      | 0.00             | 0.00             |
| 10. SWAN                                            | 808.36           | 538.91           |
| 11. APDRP                                           | 3182.98          | 6019.69          |
| 12. IT PRODUCTS                                     | 1244.51          | 664.80           |
| 13. NGN                                             | 6290.00          | 4275.98          |
| 14. NFS                                             | 52404.81         | 0.00             |
| 15. Others                                          | 2472.25          | 4901.58          |
| TOTAL                                               | 68957.83         | 20480.49         |
| <u>Service Income under broad heads</u>             |                  |                  |
| 1. AMC                                              | 3400.90          | 2569.60          |
| 2. SSTP                                             | 659.87           | 634.16           |
| 3. NPR                                              | 5124.01          | 4052.55          |
| 4. SECC                                             | 5187.22          | 5950.15          |
| 5. Data Center                                      | 1483.11          | 1472.92          |
| 6. IT                                               | 966.50           | 1729.15          |
| 7. SWAN                                             | 0.00             | 0.00             |
| 8. GSM                                              | 15592.08         | 7613.33          |
| 9. NFS                                              | 1374.86          | 0.00             |
| 10. Others                                          | 22586.67         | 17477.49         |
| TOTAL                                               | 56375.22         | 41499.35         |
| <u>Earnings in Foreign Currency</u>                 |                  |                  |
| Export of goods calculated on FOB basis             | 0.00             | 0.00             |
| Royalty, Knowhow, Professional and Consultancy fees | 0.00             | 0.00             |
| Interest and Dividend                               | 0.00             | 0.00             |
| Services                                            | 0.00             | 0.00             |
| Total                                               | 0.00             | 0.00             |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                                              | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Note No.28</b>                                                                                        |                  |                  |
| <u>OTHER INCOME</u>                                                                                      |                  |                  |
| a) Interest Income                                                                                       |                  |                  |
| i) Interest on Inter Corporate Advances                                                                  | 0.00             | 0.00             |
| ii) Interest - Others                                                                                    | 226.59           | 258.36           |
| Total                                                                                                    | 226.59           | 258.36           |
| b) Dividend from Non-Trading Investments                                                                 | 0.00             | 0.00             |
| c) Net Gain/Loss on Sale of Investment                                                                   | 0.00             | 0.00             |
| <u>d) Other Non-operating income (Net of expenses directly attributable to such income)</u>              |                  |                  |
| i) Profit on Sale of Assets                                                                              | 0.00             | 3.12             |
| Less: Transfer to Capital Reserves                                                                       | 0.00             | 0.00             |
| TOTAL                                                                                                    | 0.00             | 3.12             |
| ii) Commission                                                                                           | 0.00             | 0.00             |
| iii) Rent                                                                                                | 1809.57          | 1826.48          |
| iv) Lease Rent                                                                                           | 0.00             | 0.00             |
| v) Transport Charges                                                                                     | 0.25             | 3.01             |
| vi) Sale of Scrap                                                                                        | 13.07            | 16.36            |
| vii) Water Charges/Electricity Charges                                                                   | 3.05             | 200.73           |
| viii) Forfeited Bank Guarantee                                                                           | 0.00             | 0.00             |
| ix) Excess Provision Withdrawn                                                                           | 846.90           | 150.81           |
| x) Reimbursement of VRS                                                                                  | 0.00             | 0.00             |
| xvi) Withdrawal of liability no longer required                                                          | 2701.35          | 3872.98          |
| xii) Waiver of Liquidated Damages                                                                        | 36.43            | 553.32           |
| xiii) Compensation for Srinagar Loss                                                                     | 344.00           | 864.99           |
| xiv) Waiver of Interest Charges                                                                          | 0.00             | 0.00             |
| xiii) Misc. Income                                                                                       | 3499.67          | 200.69           |
| xiv) Transfer from Revenue Grant-in-Aid                                                                  | 38152.00         | 0.00             |
| xv) Revenue Grant-in-Aid - VRS                                                                           | 0.00             | 0.00             |
| xvi) Revenue Grant-in-Aid - Others                                                                       | 93.74            | 0.00             |
| xvii) Transfer from Capital Grant-in-Aid                                                                 | 375.95           | 402.92           |
| TOTAL(i to xvii)                                                                                         | 47875.97         | 8095.41          |
| e) Adjustment to the carrying value of investments(write back)                                           | 0.00             | 0.00             |
| f) Net gain /loss on foreign currency translation and transaction(other than considered as finance cost) | 343.98           | 137.91           |
| G.TOTAL                                                                                                  | 48446.54         | 8491.68          |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                  | As at 31.03.2016 | As at 31.03.2015 |
|--------------------------------------------------------------|------------------|------------------|
| <b>Note No.29</b>                                            |                  |                  |
| Consumption of Raw Materials & Production Stores             |                  |                  |
| Opening Stock                                                | 5870.92          | 5704.45          |
| ADD: Prior Period Adjustment due to Price Revision           | 0.00             | 0.00             |
| Purchases/Transfers                                          | 4532.15          | 4910.98          |
| Material for Installation & Maintenance                      | 0.00             | 0.00             |
| <b>TOTAL</b>                                                 | <b>10403.07</b>  | <b>10615.43</b>  |
| Less: Closing Stock                                          | 5751.65          | 5870.92          |
| Issue to Revenue and Others                                  | 550.78           | 505.56           |
| Material Transferred to Other Units                          | 0.00             | 0.00             |
| <b>TOTAL</b>                                                 | <b>6302.42</b>   | <b>6376.48</b>   |
| Add: Stores Indirect expenses relating to RM & Prodn. Stores | 32.69            | 63.72            |
| <b>CONSUMPTION</b>                                           | <b>4133.34</b>   | <b>4302.67</b>   |

Rawmaterials consumed under broad heads

| <u>particulars</u>               | <u>Amount</u>  | <u>Amount</u>  |
|----------------------------------|----------------|----------------|
| 1. Electronic Goods & Components | 4125.62        | 4302.67        |
| 2. MNIC                          | 7.71           | 0.00           |
| <b>Total</b>                     | <b>4133.33</b> | <b>4302.67</b> |

## Value of Imports on CIF basis

|                                     | <u>Current Year</u> | <u>Previous Year</u> |
|-------------------------------------|---------------------|----------------------|
|                                     | <u>TOTAL</u>        | <u>TOTAL</u>         |
| Raw Materials and Production Stores | 1271.22             | 770.90               |
| Cotmponents and Spare Parts         | 1.16                | 7.28                 |
| Material in transit                 | 0.00                | 262.39               |
| Capital Goods                       | 5508.10             | 9.30                 |
| <b>TOTAL</b>                        | <b>6780.48</b>      | <b>1049.87</b>       |

Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption.

Particulars

|              | <u>Current Year</u> |               | <u>Previous Year</u> |               |
|--------------|---------------------|---------------|----------------------|---------------|
|              | ₹ Lakhs             | %             | ₹ Lakhs              | %             |
| Imported     | 1035.43             | 2.35          | 1361.25              | 8.32          |
| Indigenous   | 42994.12            | 97.65         | 14995.92             | 91.68         |
| <u>Total</u> | <u>44029.55</u>     | <u>100.00</u> | <u>16357.17</u>      | <u>100.00</u> |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                              | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------------|------------------|------------------|
| <b>Note No.30</b>                        |                  |                  |
| Purchase of Stock-in-Trade               | 62824.69         | 14205.92         |
| <u>Goods purchased under broad heads</u> |                  |                  |
| <u>Particulars</u>                       | <u>Amount</u>    | <u>Amount</u>    |
| 1. Telephone                             | 0.00             | 0.00             |
| 2. STM                                   | 0.00             | 0.00             |
| 3. DWDM                                  | 0.00             | 0.00             |
| 4. SOLAR                                 | 0.00             | 6.91             |
| 5. SSTP                                  | 0.00             | 0.00             |
| 6. CDMA                                  | 0.00             | 0.00             |
| 7. SMPS                                  | 0.00             | 243.10           |
| 8. ASCON                                 | 263.43           | 644.66           |
| 9. GSM                                   | 0.00             | 1410.11          |
| 10. IT                                   | 574.71           | 0.00             |
| 11. APDRP                                | 3318.04          | 6437.10          |
| 12. Others                               | 58668.51         | 5464.04          |
| TOTAL                                    | 62824.69         | 14205.92         |

**Note No.31**Changes in inventories of Finished Goods,Work-in-Progress and Stock-in-TradeAccretion/(Decretion) to WIPWIP - Production :

|                                                                               |          |         |
|-------------------------------------------------------------------------------|----------|---------|
| Closing Balance                                                               | 1994.49  | 2442.73 |
| Less: Opening Balance                                                         | 2442.73  | 2487.26 |
| TOTAL                                                                         | (448.23) | (44.53) |
| Add: Write Off during the Year                                                | 0.00     | 0.00    |
| Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision | 0.00     | 0.00    |
| TOTAL                                                                         | (448.23) | (44.53) |

WIP - Installation:

|                                                                               |      |      |
|-------------------------------------------------------------------------------|------|------|
| Closing Balance                                                               | 0.00 | 0.00 |
| Less: Opening Balance                                                         | 0.00 | 0.00 |
| TOTAL                                                                         | 0.00 | 0.00 |
| Add: Write Off during the Year                                                | 0.00 | 0.00 |
| Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision | 0.00 | 0.00 |
| TOTAL                                                                         | 0.00 | 0.00 |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                  | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| <u>Accretion/(Decretion) to Manufacturing Components</u>                                     |                  |                  |
| Closing Balance                                                                              | 1339.74          | 1053.31          |
| Less: Opening Balance                                                                        | 1053.31          | 1228.40          |
| TOTAL                                                                                        | 286.43           | (175.09)         |
| Add: Write Off during the Year                                                               | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision                | 0.00             | 0.00             |
| TOTAL                                                                                        | 286.43           | (175.09)         |
| <u>WIP - Installation:</u>                                                                   |                  |                  |
| Closing Balance                                                                              | 0.00             | 0.00             |
| Less: Opening Balance                                                                        | 0.00             | 0.00             |
| TOTAL                                                                                        | 0.00             | 0.00             |
| Add: Write Off during the Year                                                               | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision/effects of WIP | 0.00             | 0.00             |
| TOTAL                                                                                        | 0.00             | 0.00             |
| <u>Accretion/(Decretion) to Stock-in-Trade</u>                                               |                  |                  |
| <u>Stock-in-Trade :</u>                                                                      |                  |                  |
| Closing Balance                                                                              | 1672.08          | 1554.06          |
| Less: Opening Balance                                                                        | 1554.06          | 1540.13          |
| Total                                                                                        | 118.02           | 13.93            |
| Add: Write Off during the Year                                                               | 0.00             | 0.09             |
| Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision                | 0.00             | 0.00             |
| TOTAL                                                                                        | 118.02           | 14.02            |
| <u>Stock of Scrap</u>                                                                        |                  |                  |
| Closing Balance                                                                              | 0.00             | 0.00             |
| Less: Opening Balance                                                                        | 0.00             | 0.00             |
| ADD : Prior Period Adjustments                                                               | 0.00             | 0.00             |
| TOTAL                                                                                        | 0.00             | 0.00             |
| G.TOTAL                                                                                      | (43.79)          | (205.60)         |
| <b>Note No.32</b>                                                                            |                  |                  |
| EMPLOYEE BENEFIT EXPENSES:                                                                   |                  |                  |
| <u>i) SALARIES &amp; WAGES :</u>                                                             |                  |                  |
| Salaries & Wages                                                                             | 23550.00         | 25566.89         |
| Less: Other Revenue Accounts                                                                 | 0.00             | 0.00             |
| TOTAL                                                                                        | 23550.00         | 25566.89         |
| Bonus                                                                                        | 0.00             | 0.00             |
| Wage revision arrear payments                                                                | 0.00             | 0.00             |
| Incentive                                                                                    | 60.46            | 53.13            |
| G.TOTAL                                                                                      | 23610.46         | 25620.02         |



**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                           | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:</b>                                                                                                                                                                                                                   |                  |                  |
| Providend Fund & Pension Fund                                                                                                                                                                                                                                         | 2750.83          | 2839.14          |
| Employees State Insurance                                                                                                                                                                                                                                             | 1.27             | 4.58             |
| Gratuity Trust Fund                                                                                                                                                                                                                                                   | 3015.73          | 2270.70          |
| Leave Salary- PL                                                                                                                                                                                                                                                      | 592.73           | (152.19)         |
| Sick Leave                                                                                                                                                                                                                                                            | (158.54)         | 4.07             |
| Deposit Linked Insurance/Group Insurance                                                                                                                                                                                                                              | 51.04            | 36.45            |
| <b>TOTAL</b>                                                                                                                                                                                                                                                          | <b>6253.06</b>   | <b>5002.75</b>   |
| <b>iii) WORKMEN AND STAFF WELFARE EXPENSES</b>                                                                                                                                                                                                                        |                  |                  |
| Welfare Expenses - Canteen                                                                                                                                                                                                                                            | 282.40           | 257.23           |
| Welfare Expenses - Education                                                                                                                                                                                                                                          | 396.86           | 289.78           |
| Medical Expenses                                                                                                                                                                                                                                                      | 744.45           | 780.60           |
| LTC/LLTC                                                                                                                                                                                                                                                              | 144.96           | 80.16            |
| Uniforms                                                                                                                                                                                                                                                              | 20.04            | 10.59            |
| Others                                                                                                                                                                                                                                                                | 61.07            | 77.62            |
| <b>TOTAL</b>                                                                                                                                                                                                                                                          | <b>1649.79</b>   | <b>1495.98</b>   |
| <b>iv) VOLUNTARY RETIREMENT SCHEME</b>                                                                                                                                                                                                                                |                  |                  |
| VRS Payments                                                                                                                                                                                                                                                          | 0.00             | 0.00             |
| <b>G.TOTAL</b>                                                                                                                                                                                                                                                        | <b>31513.30</b>  | <b>32118.75</b>  |
| Compensation to employees of the company opted for Voluntary Retirement during 2012-13 has been charged off to the Profit & Loss account and the like amount has been withdrawn from Grant in Aid received from GOI and has been credited to Profit and Loss account. | -                | -                |
| <b>Remuneration paid to Key Management Personnel</b>                                                                                                                                                                                                                  | <b>2015-16</b>   | <b>2014-15</b>   |
| <b>[As required under AS-18]</b>                                                                                                                                                                                                                                      |                  |                  |
| Shri P.K Gupta<br>- CMD & Director (Marketing)<br>- Salary and Perquisites                                                                                                                                                                                            | 14.72            | 14.04            |
| Shri Gopu -Director (HR) -Salary and Perquisites                                                                                                                                                                                                                      | 14.01            | 13.03            |
| Shri Dr.Janaki Ananthakrishnan<br>-Director (Finance) -Salary and Perquisites                                                                                                                                                                                         | 12.48            | 0.00             |
| Shri Alagesan K<br>- Director (Production) - Salary and Perquisites                                                                                                                                                                                                   | 2.35             | 0.00             |
| Shri K.K.Gupta<br>- Ex.CMD & Director (Production)<br>- Salary and Perquisites                                                                                                                                                                                        | 15.81            | 15.43            |
| Shri K.L.Dhingra<br>- Ex.CMD - Salary and Perquisites                                                                                                                                                                                                                 | 8.33             | 23.04            |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                    | As at 31.03.2016  |                   | As at 31.03.2015                  |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-----------------------------------|-------------------|
| <b>DISCLOSURE REPORT UNDER AS15 [REVISED 2005]</b>                                                                                                                                                                                                             |                   |                   |                                   |                   |
| <b>Defined Benefit Plan</b>                                                                                                                                                                                                                                    |                   |                   |                                   |                   |
| The Employees Gratuity Fund Scheme Managed by a Trust is a defined benefit Plan. The Present value of Obligation is determined based on Actuarial Valuation. The obligation for Leave encashment is recognized based on Actuarial Valuation which is unfunded. |                   |                   |                                   |                   |
|                                                                                                                                                                                                                                                                | <b>Gratuity</b>   |                   | <b>Privilege Leave Encashment</b> |                   |
| <b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b>                                                                                                                                                                                                                      | <b>31/03/2016</b> | <b>31/03/2015</b> | <b>31/03/2016</b>                 | <b>31/03/2015</b> |
| <b>[Expressed as weighted averages]</b>                                                                                                                                                                                                                        |                   |                   |                                   |                   |
| Discount Rate                                                                                                                                                                                                                                                  | 7.57%             | 7.80%             | 7.57%                             | 7.80%             |
| Salary escalation rate                                                                                                                                                                                                                                         | 8.00%             | 8.50%             | 8.00%                             | 8.50%             |
| Attrition rate                                                                                                                                                                                                                                                 | 14.25%            | 16.60%            | 14.25%                            | 16.60%            |
| Expected rate of return on Plan Assets                                                                                                                                                                                                                         | 10.00%            | 11.00%            | 0.00%                             | 0.00%             |
| In the following tables,all amounts are in Rupees,unless otherwise stated                                                                                                                                                                                      |                   |                   |                                   |                   |
| <b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>                                                                                                                                              |                   |                   |                                   |                   |
| PVO as at the beginning of the period                                                                                                                                                                                                                          | 31942.14          | 35560.44          | 13359.58                          | 15262.68          |
| Interest Cost                                                                                                                                                                                                                                                  | 2491.49           | 2811.40           | 1042.05                           | 1273.17           |
| Current service cost                                                                                                                                                                                                                                           | 1004.89           | 1070.90           | 425.80                            | 381.95            |
| Past service cost - (non vested benefits)                                                                                                                                                                                                                      | 0.00              | 0.00              | 0.00                              | 0.00              |
| Past service cost - (vested benefits)                                                                                                                                                                                                                          | 0.00              | 0.00              | 0.00                              | 0.00              |
| Benefits paid                                                                                                                                                                                                                                                  | (5939.14)         | (6491.00)         | (1596.10)                         | (1257.01)         |
| Actuarial loss/(gain) on obligation (balancing figure)                                                                                                                                                                                                         | (324.89)          | (1009.60)         | (1260.60)                         | (2301.21)         |
| PVO as at the end of the period                                                                                                                                                                                                                                | 29174.49          | 31942.14          | 11970.73                          | 13359.58          |
| <b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>                                                                                                                                                         |                   |                   |                                   |                   |
| Fair value of plan assets as at the beginning of the period                                                                                                                                                                                                    | 1741.00           | 7630.00           | 0.00                              | 0.00              |
| Expected return on plan assets                                                                                                                                                                                                                                 | 174.10            | 453.80            | 0.00                              | 0.00              |
| Contributions                                                                                                                                                                                                                                                  | 13000.00          | 0.00              | 0.00                              | 1257.01           |
| Benefits paid                                                                                                                                                                                                                                                  | (5939.14)         | (6491.00)         | 0.00                              | (1257.01)         |
| Actuarial gain/(loss) on plan assets [balancing figure]                                                                                                                                                                                                        | (14.10)           | 148.20            | 0.00                              | 0.00              |
| Fair value of plan assets as at the end of the period                                                                                                                                                                                                          | 8994.86           | 1741.00           | 0.00                              | 0.00              |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                             | As at 31.03.2016       |            | As at 31.03.2015                         |            |
|-------------------------------------------------------------------------|------------------------|------------|------------------------------------------|------------|
|                                                                         | Gratuity<br>31/03/2016 | 31/03/2015 | Privilege Leave Encashment<br>31/03/2016 | 31/03/2015 |
| <b>IV. ACTUAL RETURN ON PLAN ASSETS</b>                                 |                        |            |                                          |            |
| Expected return on plan assets                                          | 1741.00                | 453.80     | 0.00                                     | 0.00       |
| Actuarial gain (loss) on plan assets                                    | (14.10)                | 148.20     | 0.00                                     | 0.00       |
| Actual return on plan assets                                            | 160.00                 | 602.00     | 0.00                                     | 0.00       |
| <b>V. ACTUARIAL GAIN/LOSS RECOGNIZED</b>                                |                        |            |                                          |            |
| Actuarial gain / (loss) for the period - Obligation                     | 324.89                 | 1009.60    | 1229.86                                  | 2301.22    |
| Actuarial gain / (loss) for the period- Plan Assets                     | 14.10                  | 148.20     | 0.00                                     | 0.00       |
| Total (gain) / loss for the period                                      | (310.79)               | (1157.81)  | (1229.86)                                | (2301.22)  |
| Actuarial (gain) / loss recognized in the period                        | (310.79)               | (1157.81)  | (1229.86)                                | (2301.22)  |
| Unrecognized actuarial (gain) / loss at the end of the year             | 0.00                   | 0.00       | 0.00                                     | 0.00       |
| <b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b> |                        |            |                                          |            |
| Present value of the obligation                                         | 29174.49               | 31942.14   | 11970.74                                 | 13359.58   |
| Fair value of plan assets                                               | 8994.86                | 1741.00    | 0.00                                     | 0.00       |
| Difference                                                              | (20179.63)             | 30201.14   | (11970.74)                               | 13359.58   |
| Unrecognised transitional liability                                     | 0.00                   | 0.00       | 0.00                                     | 0.00       |
| Unrecognised past service cost - non vested benefits                    | 0.00                   | 0.00       | 0.00                                     | 0.00       |
| Liability recognized in the balance sheet                               | (20179.63)             | 30201.14   | (11970.74)                               | 13359.58   |
| <b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>    |                        |            |                                          |            |
| Current service cost                                                    | 1004.89                | 1070.90    | 425.80                                   | 381.95     |
| Interest Cost                                                           | 2491.49                | 2811.40    | 1042.05                                  | 1273.17    |
| Expected return on plan assets                                          | (174.10)               | (453.80)   | 0.00                                     | 0.00       |
| Net actuarial (gain)/loss recognised in the year                        | (310.79)               | 1157.81    | 0.00                                     | (2301.22)  |
| Transitional Liability recognised in the year                           | 0.00                   | 0.00       | (1260.59)                                | 0.00       |
| Past service cost - non-vested benefits                                 | 0.00                   | 0.00       | 0.00                                     | 0.00       |
| Past service cost - vested benefits                                     | 0.00                   | 0.00       | 0.00                                     | 0.00       |
| Expenses recognized in the statement of profit and loss                 | 3011.49                | 2270.70    | 207.26                                   | (646.09)   |
| <b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b> |                        |            |                                          |            |
| Opening net liability                                                   | 31942.14               | 27930.44   | 13359.58                                 | 15262.68   |
| Expense as above                                                        | 3011.49                | 2270.70    | 207.26                                   | (646.09)   |
| Contribution paid                                                       | (5939.14)              | 0.00       | (1596.10)                                | (1257.01)  |
| Closing net liability                                                   | 29174.49               | 30201.14   | 11970.74                                 | 13359.58   |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                                                                                                                                                  | As at 31.03.2016         |            | As at 31.03.2015           |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------|----------------------------|------------|
|                                                                                                                                                                                                              | Gratuity                 |            | Privilege Leave Encashment |            |
|                                                                                                                                                                                                              | 31/03/2016               | 31/03/2015 | 31/03/2016                 | 31/03/2015 |
| <b>IX. AMOUNT FOR THE CURRENT PERIOD</b>                                                                                                                                                                     |                          |            |                            |            |
| Present Value of obligation                                                                                                                                                                                  | 29174.49                 | 31942.14   | 11970.74                   | 13359.58   |
| Plan Assets                                                                                                                                                                                                  | 8994.86                  | 1741.00    | 0.00                       | 0.00       |
| Surplus (Deficit)                                                                                                                                                                                            | (20179.63)               | (30201.14) | (11970.74)                 | (13359.58) |
| Experience adjustments on plan liabilities -(loss)/gain                                                                                                                                                      | 160.80                   | 765.38     | 1184.21                    | 2064.69    |
| Experience adjustments on plan assets -(loss)/gain                                                                                                                                                           | (14.10)                  | 148.20     | 0.00                       | 0.00       |
| <b>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</b>                                                                                                                               |                          |            |                            |            |
| Government of India Securities                                                                                                                                                                               | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| State Government Securities                                                                                                                                                                                  | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| High Quality Corporate Bonds                                                                                                                                                                                 | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| Equity shares of listed companies                                                                                                                                                                            | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| Property                                                                                                                                                                                                     | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| Special Deposit Scheme                                                                                                                                                                                       | 0.00%                    | 0.00%      | 0.00%                      | 0.00%      |
| Funds managed by Insurer                                                                                                                                                                                     | 100.00%                  | 28.00%     | 0.00%                      | 0.00%      |
| Others - PSU Bonds                                                                                                                                                                                           | 0.00%                    | 72.00%     | 0.00%                      | 0.00%      |
| Total                                                                                                                                                                                                        | 0.00%                    | 100.00%    | 0.00%                      | 0.00%      |
| <b>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>                                                                                                                                       | 2801.89                  | 31900.00   | -                          | -          |
| <b><u>The obligation for Compensated absence of Sick Leave is a non contributory defined benefit scheme. The Obligation for Sick Leave is recognized based on Actuarial Valuation which is unfunded.</u></b> |                          |            |                            |            |
|                                                                                                                                                                                                              | <b><u>Sick Leave</u></b> |            |                            |            |
| <b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</b>                                                                                                                                   | 31/03/2016               | 31/03/2015 |                            |            |
| Discount Rate                                                                                                                                                                                                | 7.57%                    | 7.80%      |                            |            |
| Salary escalation rate                                                                                                                                                                                       | 8.00%                    | 8.50%      |                            |            |
| Attrition rate                                                                                                                                                                                               | 14.25%                   | 16.60%     |                            |            |
| Expected rate of return on Plan Assets                                                                                                                                                                       | 0.00%                    | 0.00%      |                            |            |
| <b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>                                                                                            |                          |            |                            |            |
| PVO as at the beginning of the period                                                                                                                                                                        | 350.73                   | 370.51     |                            |            |
| Interest Cost                                                                                                                                                                                                | 27.36                    | 32.23      |                            |            |
| Current service cost                                                                                                                                                                                         | 6.89                     | 33.45      |                            |            |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                | As at 31.03.2016  | As at 31.03.2015  |
|------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                                            | <u>Sick Leave</u> |                   |
|                                                                                                            | <u>31/03/2016</u> | <u>31/03/2015</u> |
| Past service cost - (non vested benefits)                                                                  | 0.00              | 0.00              |
| Past service cost - (vested benefits)                                                                      | 0.00              | 0.00              |
| Benefits paid                                                                                              | 0.00              | 0.00              |
| Actuarial loss/(gain) on obligation (balancing figure)                                                     | (192.80)          | (85.46)           |
| PVO as at the end of the period                                                                            | 192.18            | 350.73            |
| <br><u>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</u> |                   |                   |
| Fair value of plan assets as at the beginning of the period                                                | 0.00              | 0.00              |
| Expected return on plan assets                                                                             | 0.00              | 0.00              |
| Contributions                                                                                              | 0.00              | 0.00              |
| Benefits paid                                                                                              | 0.00              | 0.00              |
| Actuarial gain/(loss) on plan assets [balancing figure]                                                    | 0.00              | 0.00              |
| Fair value of plan assets as at the end of the period                                                      | 0.00              | 0.00              |
| <br><u>IV. ACTUAL RETURN ON PLAN ASSETS</u>                                                                |                   |                   |
| Expected return on plan assets                                                                             | 0.00              | 0.00              |
| Actuarial gain (loss) on plan assets                                                                       | 0.00              | 0.00              |
| Actual return on plan assets                                                                               | 0.00              | 0.00              |
| <br><u>V. ACTUARIAL GAIN/LOSS RECOGNIZED</u>                                                               |                   |                   |
| Actuarial gain / (loss) for the period - Obligation                                                        | 192.80            | 85.46             |
| Actuarial gain / (loss) for the period- Plan Assets                                                        | 0.00              | 0.00              |
| Total (gain) / loss for the period                                                                         | (192.80)          | (85.46)           |
| Actuarial (gain) / loss recognized in the period                                                           | (192.80)          | (85.46)           |
| Unrecognized actuarial (gain) / loss at the end of the year                                                | 0.00              | 0.00              |
| <br><u>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</u>                                |                   |                   |
| Present value of the obligation                                                                            | 192.18            | 350.73            |
| Fair value of plan assets                                                                                  | 0.00              | 0.00              |
| Difference                                                                                                 | (192.18)          | 350.73            |
| Unrecognised transitional liability                                                                        | 0.00              | 0.00              |
| Unrecognised past service cost - non vested benefits                                                       | 0.00              | 0.00              |
| Liability recognized in the balance sheet                                                                  | (192.18)          | 350.73            |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                    | As at 31.03.2016  | As at 31.03.2015  |
|--------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                | <u>Sick Leave</u> |                   |
|                                                                                | <u>31/03/2016</u> | <u>31/03/2015</u> |
| <u>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</u>           |                   |                   |
| Current service cost                                                           | 6.88              | 33.45             |
| Interest Cost                                                                  | 27.35             | 32.23             |
| Expected return on plan assets                                                 | 0.00              | 0.00              |
| Net actuarial (gain)/loss recognised in the year                               | (192.80)          | (85.46)           |
| Transitional Liability recognised in the year                                  |                   | 0.00              |
| Past service cost - non-vested benefits                                        | 0.00              | 0.00              |
| Past service cost - vested benefits                                            | 0.00              | 0.00              |
| Expenses recognized in the statement of profit and loss                        | (158.55)          | (19.78)           |
| <u>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</u>        |                   |                   |
| Opening net liability                                                          | 350.73            | 370.51            |
| Expense as above                                                               | (158.55)          | (19.78)           |
| Contribution paid                                                              | 0.00              | 0.00              |
| Closing net liability                                                          | 192.18            | 350.73            |
| <u>IX. AMOUNT FOR THE CURRENT PERIOD</u>                                       |                   |                   |
| Present Value of obligation                                                    | 192.18            | 350.73            |
| Plan Assets                                                                    | 0.00              | 0.00              |
| Surplus (Deficit)                                                              | (192.18)          | (350.73)          |
| Experience adjustments on plan liabilities                                     |                   |                   |
| -(loss)/gain                                                                   | 191.57            | 81.10             |
| Experience adjustments on plan assets                                          |                   |                   |
| -(loss)/gain                                                                   | -                 | 0.00              |
| <u>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</u> |                   |                   |
| Government of India Securities                                                 | 0.00%             | 0.00%             |
| State Government Securities                                                    | 0.00%             | 0.00%             |
| High Quality Corporate Bonds                                                   | 0.00%             | 0.00%             |
| Equity shares of listed companies                                              | 0.00%             | 0.00%             |
| Property                                                                       | 0.00%             | 0.00%             |
| Special Deposit Scheme                                                         | 0.00%             | 0.00%             |
| Funds managed by Insurer                                                       | 0.00%             | 0.00%             |
| Others - PSU Bonds                                                             | 0.00%             | 0.00%             |
| Total                                                                          | 0.00%             | 0.00%             |

## Notes to the Financial Statements (Contd...)

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | As at 31.03.2016      |                   | As at 31.03.2015      |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------|-----------------------|-------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>Sick Leave</u>     |                   |                       |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>31/03/2016</u>     | <u>31/03/2015</u> |                       |                   |
| <u>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                     | -                 |                       |                   |
| <u>The obligation for Leave Travel Consession is a non contributory defined benefit scheme. The Obligation for LTC Availment &amp; LLTC Encashment is recognized based on Actuarial Valuation which is unfunded.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |                   |                       |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>LTC Encashment</u> |                   | <u>LTC Encashment</u> |                   |
| <u>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>31/03/2016</u>     | <u>31/03/2015</u> | <u>31/03/2016</u>     | <u>31/03/2015</u> |
| <u>[Expressed as weighted averages]</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                       |                   |                       |                   |
| Discount Rate Year 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 7.57%                 | 7.80%             | 0.00%                 | 0.00%             |
| Discount Rate Year 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0.00%                 | 0.00%             | 0.00%                 | 0.00%             |
| Attrition rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 14.25%                | 16.60%            | -                     | -                 |
| Present Value Obligation (₹.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 184.78                | 161.91            | -                     | -                 |
| <b><u>Note No.33</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |                   |                       |                   |
| FINANCE COSTS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                   |                       |                   |
| Cash Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 12818.85              |                   | 13273.40              |                   |
| Public Deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 0.00                  |                   | 0.00                  |                   |
| Bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 0.00                  |                   | 0.00                  |                   |
| Term Loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 0.00                  |                   | 0.00                  |                   |
| Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2250.57               |                   | 1339.03               |                   |
| ii) Bank charges                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 646.05                |                   | 1112.92               |                   |
| iii) Government Guarantee Fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0.00                  |                   | 0.00                  |                   |
| iv) Expenses on Issue of Bonds/Loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0.00                  |                   | 0.00                  |                   |
| V) Net Gain/Loss From Foreign Currency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                   |                       |                   |
| Translations& Transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 0.00                  |                   | 0.00                  |                   |
| TOTAL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                       | 15715.47          |                       | 15725.35          |
| In respect of interest charged by Banks in excess of State Bank Advance Rate (SBAR) w.e.f. 01.04.2009, aggregate refund received upto 31.03.2014 is ₹ 1424.03 Lakhs (refund received during 2013-14 is ₹ 209.72 Lakhs) from State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Canara Bank, Bank of Baroda, Central Bank of India, Vijaya Bank, Development Credit Bank Ltd., AXIS Bank Ltd.. The remaining Banks viz, Punjab National Bank, Indus Ind Bank Ltd. and Indian Bank are expected to refund interest charged in excess of SBAR w.e.f. 01.04.2009 during 2015-2016. |                       |                   |                       |                   |
| <b><u>Note No.34</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |                   |                       |                   |
| <u>DEPRECIATION AND AMORTIZATION</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |                   |                       |                   |
| <u>EXPENSES:</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                       |                   |                       |                   |
| Fixed Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1288.37               |                   | 3022.94               |                   |
| Tools and Gauges                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1.80                  |                   | 3.97                  |                   |
| TOTAL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1290.17               |                   | 3026.91               |                   |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                           | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
| Less: Transfer from Revaluation Reserve*                                                              | 0.00             | 1494.53          |
| Net Depreciation                                                                                      | 1290.17          | 1532.38          |
| *Refer Accounting Policy No. 7.04 for changes in accounting policy                                    |                  |                  |
| <b>Note No.35</b>                                                                                     |                  |                  |
| <b>OTHER EXPENDITURE:</b>                                                                             |                  |                  |
| DRE Written off                                                                                       | 0.00             | 0.00             |
| VRS Expenditure                                                                                       | 0.00             | 0.00             |
| <b>MANUFACTURING EXPENSES:</b>                                                                        |                  |                  |
| Cosumption of Stores and Spares                                                                       | 209.03           | 236.73           |
| Power and Light                                                                                       | 1449.17          | 1887.78          |
| Water Charges                                                                                         | 286.45           | 262.20           |
| <b>REPAIRS AND MAINTENANCE:</b>                                                                       |                  |                  |
| i) Plant Machinery and Equipment                                                                      | 127.65           | 100.23           |
| ii) Vehicles                                                                                          | 21.56            | 28.49            |
| iii) Buildings                                                                                        | 465.24           | 481.68           |
| iv) Other Equipments                                                                                  | 85.48            | 188.77           |
| Cost and Expenses on Tools                                                                            | 0.00             | 0.16             |
| Experimental Work and Training Expenses                                                               | 39.50            | 4.24             |
| Expenses on Minor Equipment & Work                                                                    | 0.00             | 0.06             |
| Royalty                                                                                               | 0.00             | 0.00             |
| Scrap and Salvages                                                                                    | 1.90             | 0.13             |
| Factory Expenses                                                                                      | 348.36           | 241.68           |
| <b>TOT CHARGES:</b>                                                                                   |                  |                  |
| i)Technical Assistance                                                                                | 0.00             | 0.00             |
| ii)Technical Knowhow fee                                                                              | 0.00             | 0.00             |
| iii)Documentation Charges                                                                             | 0.00             | 0.00             |
| iv)Training Assistance                                                                                | 0.00             | 0.00             |
| v) Others                                                                                             | 0.00             | 0.00             |
| Liquidated Damages                                                                                    | 523.51           | 143.15           |
| Demurage Charges                                                                                      | 0.35             | 0.01             |
| Net gain /loss on foreign currency translation and transaction(other than considered as finance cost) | 0.00             | 0.00             |
| <b>TOTAL MANUFACTURING EXPENSES</b>                                                                   | <b>3558.22</b>   | <b>3575.31</b>   |
| <b>ADMINISTRATION EXPENSES:</b>                                                                       |                  |                  |
| Rent                                                                                                  | 217.04           | 242.42           |
| Rates and Taxes                                                                                       | 93.57            | 94.65            |
| Insurance                                                                                             | 78.97            | 62.93            |
| <b>TRAVELLING EXPENSES</b>                                                                            |                  |                  |
| -Inland                                                                                               | 298.02           | 345.18           |
| -Foreign                                                                                              | 0.00             | 0.00             |
| Legal fees                                                                                            | 61.94            | 53.08            |
| Postage, Telegram, Telex Expenses                                                                     | 32.92            | 53.90            |
| Telephone and Trunk Call Charges                                                                      | 90.36            | 91.97            |



**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                   | As at 31.03.2016 | As at 31.03.2015 |
|-----------------------------------------------|------------------|------------------|
| <b>REMUNERATION TO AUDITORS:</b>              |                  |                  |
| -Audit Fees                                   | 14.52            | 11.84            |
| -For Taxation Matters                         | 0.28             | 0.41             |
| -For Company Law Matters                      | 0.00             | 0.00             |
| -For Management Services                      | 0.00             | 0.00             |
| -For Reimbursement of Expenses                | 0.35             | 0.29             |
| -For Other Services                           | 3.25             | 0.61             |
| CISF/ Private Security Expenses               | 613.36           | 604.96           |
| Printing, Stationary and Duplicating Charges  | 60.13            | 57.73            |
| Transport Expenses                            | 413.00           | 556.17           |
| News Papers, Magazines & Periodicals          | 20.89            | 22.91            |
| Mechanised Accounting Expenses                | 0.81             | 1.28             |
| Lease Charges                                 | 0.00             | 0.00             |
| Licence fee/Segment Charges                   | 6.40             | 39.26            |
| Office Expenses                               | 318.01           | 293.90           |
| Provision for Obsolescence of RM Stores       | 0.00             | 1.83             |
| Obsolete RM & Production Stores Write off     | 0.00             | 0.09             |
| Provision for Capital WIP Write off           | 0.00             | 0.00             |
| Provision for Debtors/Advance                 | 0.00             | 0.00             |
| Bad Debts Write off                           | 0.00             | 7.04             |
| Claims and Expenses Charge off                | 0.00             | 0.00             |
| Loss on Sale of Assets                        | 0.00             | 0.00             |
| Irrecoverable ED                              | 0.00             | 0.00             |
| Adjustment to the Carrying Amount Investments | 0.00             | 0.00             |
| Net Loss on Sale of Investments               | 0.00             | 0.00             |
| <b>TOTAL ADMINISTRATION EXS</b>               | <b>2323.83</b>   | <b>2542.45</b>   |
| <b>SELLING EXPENSES</b>                       |                  |                  |
| Selling Agency Commission                     | 0.12             | 1.43             |
| Advertisement Expenses                        | 33.07            | 27.11            |
| Exhibition and Publicity Expenses             | 0.88             | 0.69             |
| Packing Expenses                              | 23.73            | 28.93            |
| Forwarding Expenses                           | <b>18.97</b>     | 30.63            |
| Discount Allowed                              | <b>0.00</b>      | 0.00             |
| Warrenty Expenses                             | <b>4.20</b>      | 35.79            |
| Sales Promotion Expenses                      | <b>0.61</b>      | 0.72             |
| Entertainment Expenses                        | <b>(3.93)</b>    | 0.99             |
| Cost of Tender Forms                          | <b>1.52</b>      | 1.97             |
| <b>TOTAL SELLING EXPENSES</b>                 | <b>79.18</b>     | <b>128.26</b>    |
| <b>TOTAL OTHER EXPENSES</b>                   | <b>5961.23</b>   | <b>6246.02</b>   |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                | As at 31.03.2016 | As at 31.03.2015 |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|--------|
| Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT. |                  |                  |        |
| In case of back to back arrangements, Liquidated damages is accounted on net basis.                                                                                                                                        |                  |                  |        |
| <u>Expenditure in Foreign Currency :</u>                                                                                                                                                                                   |                  |                  |        |
| Royalty                                                                                                                                                                                                                    | 0.00             | 0.00             |        |
| Knowhow                                                                                                                                                                                                                    | 0.00             | 0.00             |        |
| Professional / Consultation Fees                                                                                                                                                                                           | 0.00             | 0.00             |        |
| Interest                                                                                                                                                                                                                   | 0.00             | 0.00             |        |
| Others                                                                                                                                                                                                                     | 0.00             | 0.00             | 0.00   |
|                                                                                                                                                                                                                            |                  |                  |        |
| <b>Note No.36</b>                                                                                                                                                                                                          |                  |                  |        |
| TRANSFER TO CAPITAL ACCOUNT                                                                                                                                                                                                | 0.00             | 0.00             |        |
| CAPITAL WIP:                                                                                                                                                                                                               | 0.00             | 0.00             |        |
| OTHER ASSETS                                                                                                                                                                                                               | 0.00             | 0.00             |        |
| TOTAL                                                                                                                                                                                                                      | 0.00             | 0.00             | 0.00   |
|                                                                                                                                                                                                                            |                  |                  |        |
| <b>Note No.37</b>                                                                                                                                                                                                          |                  |                  |        |
| <u>PRIOR PERIOD ADJUSTMENTS( NET)</u>                                                                                                                                                                                      |                  |                  |        |
| <u>INCOME</u>                                                                                                                                                                                                              |                  |                  |        |
| Sales & Services                                                                                                                                                                                                           | 0.00             | 228.76           |        |
| Withdrawal of Liability no Longer Required                                                                                                                                                                                 | 0.00             | 0.00             |        |
| Interest                                                                                                                                                                                                                   | 0.00             | 0.00             |        |
| Others                                                                                                                                                                                                                     | 0.00             | 0.00             |        |
| TOTAL                                                                                                                                                                                                                      | 0.00             | 228.76           | 228.76 |
| <u>EXPENDITURE</u>                                                                                                                                                                                                         |                  |                  |        |
| Consumption of Raw material and Production Stores                                                                                                                                                                          | 10.57            | 51.00            |        |
| Interest                                                                                                                                                                                                                   | 0.00             | 0.00             |        |
| Depreciation                                                                                                                                                                                                               | 0.00             | 0.00             |        |
| Others                                                                                                                                                                                                                     | 325.15           | 91.00            |        |
| TOTAL                                                                                                                                                                                                                      | 335.72           | 142.00           | 142.00 |
| NET PRIOR PERIOD ADJUSTMENTS                                                                                                                                                                                               | (335.72)         | 86.76            | 86.76  |
|                                                                                                                                                                                                                            |                  |                  |        |
| <b>Note No.38</b>                                                                                                                                                                                                          |                  |                  |        |
| EXCEPTIONAL ITEMS                                                                                                                                                                                                          |                  |                  |        |
| Grant in Aid from Government                                                                                                                                                                                               | 0.00             | 16500.00         |        |
| Wage Arrears                                                                                                                                                                                                               | 0.00             | 16500.00         |        |
| VRS Payments                                                                                                                                                                                                               | 0.00             | 0.00             |        |
|                                                                                                                                                                                                                            | 0.00             |                  | 0.00   |
|                                                                                                                                                                                                                            |                  |                  |        |
| <b>Note No.39</b>                                                                                                                                                                                                          |                  |                  |        |
| Extra Ordinary Items                                                                                                                                                                                                       | 11250.00         |                  | 0.00   |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars | Current Year<br>2015-16 | Previous Year<br>2014-15 |
|-------------|-------------------------|--------------------------|
|-------------|-------------------------|--------------------------|

**Additional Disclosures****Note No. 40****1 Corporate information:**

ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 1956. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.

**2 Execution and registration of sale deed for assets sold to DRDO for ₹ 2600 lacs during 2003-2004 is under process .****3 An amount of ₹ 16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹ 13354.46 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹ 3145.54 lacs kept under Other Current Liabilities.****4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are not less than as stated, if realized in the ordinary course of the business.****5 The Company is primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments. The Company is primarily operating in India, which is considered as a single geographical segment.****6 a) As per Accounting Standard 18 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL) and ITI Communications Pte. Ltd, Singapore(ITI-C).**

|                                                               | <u>2015-16</u> |              | <u>2014-15</u> |              |
|---------------------------------------------------------------|----------------|--------------|----------------|--------------|
|                                                               | <u>ISL</u>     | <u>ITI-C</u> | <u>ISL</u>     | <u>ITI-C</u> |
| Purchase of goods\Services                                    | 0.00           | 0.00         | 0.00           | 0.00         |
| Sale of goods\Services                                        | 0.00           | 0.00         | 0.00           | 0.00         |
| Amount Outstanding:                                           |                |              |                |              |
| - Due from the related party                                  | 0.00           | 47.90        | 0.00           | 47.90        |
| - Due to the related party                                    | 0.00           | 0.00         | 0.00           | 0.00         |
| Provision for doubtful debts against dues from related party. | 0.00           | 47.90        | 0.00           | 47.90        |
| Written Off during the Year                                   | 0.00           | 0.00         | 0.00           | 0.00         |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

|   | Particulars                                                                                                                                                                                                                                                        | Current Year<br>2015-16 | Previous Year<br>2014-15 |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|
|   | b) Remuneration paid to Key Management Personnel<br>[As required under AS-18]                                                                                                                                                                                      |                         |                          |
|   | Shri. P.K Gupta - CMD & Director (Marketing) - Salary and Perquisites                                                                                                                                                                                              | 14.72                   | 14.04                    |
|   | Shri. Gopu -Director (HR) -Salary and Perquisites                                                                                                                                                                                                                  | 14.01                   | 13.03                    |
|   | Shri. Dr.Janaki Ananthakrishnan-Director (Finance) -Salary and Perquisites                                                                                                                                                                                         | 12.48                   | 0.00                     |
|   | Shri Alagesan K - Director (Production) - Salary and Perquisites                                                                                                                                                                                                   | 2.35                    | 0.00                     |
|   | Shri K.K.Gupta - Ex.CMD & Director (Production) - Salary and Perquisites                                                                                                                                                                                           | 15.81                   | 15.43                    |
|   | Shri. K.L.Dhingra - Ex.CMD - Salary and Perquisites                                                                                                                                                                                                                | 8.33                    | 23.04                    |
| 7 | a) Earnings Per Share before Exceptional and Prior Period items :                                                                                                                                                                                                  |                         |                          |
|   | Profit before Exceptional and Prior Period items                                                                                                                                                                                                                   | 14204.43                | (29799.46)               |
|   | (-) Preference Dividend                                                                                                                                                                                                                                            | 2275.00                 | 2275.00                  |
|   | Dividend tax                                                                                                                                                                                                                                                       | 463.14                  | 439.83                   |
|   | Profit available to equity shareholders                                                                                                                                                                                                                            | 11466.29                | (32514.29)               |
|   | No. of Shares at beginning of the year                                                                                                                                                                                                                             | 288000000               | 288000000                |
|   | No. of Shares                                                                                                                                                                                                                                                      | 288000000               | 288000000                |
|   | Earning per equity share before extraordinary items: Basic & Diluted( in ₹)                                                                                                                                                                                        | 3.98                    | (11.29)                  |
|   | b) Earnings Per Share after Extraordinary items :                                                                                                                                                                                                                  |                         |                          |
|   | Profit after tax                                                                                                                                                                                                                                                   | 25118.71                | (29712.70)               |
|   | (-) Preference Dividend                                                                                                                                                                                                                                            | 2275.00                 | 2275.00                  |
|   | Dividend tax                                                                                                                                                                                                                                                       | 463.14                  | 439.83                   |
|   | Profit available to equity shareholders                                                                                                                                                                                                                            | 22380.57                | (32427.53)               |
|   | No. of Shares at beginning of the year                                                                                                                                                                                                                             | 288000000               | 288000000                |
|   | No. of Shares                                                                                                                                                                                                                                                      | 288000000               | 288000000                |
|   | Earning per equity share after Exceptional and Prior Period Items: Basic & Diluted( in ₹)                                                                                                                                                                          | 7.77                    | (11.26)                  |
| 8 | Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Accounting Standard (AS)-22 "Accounting for Taxes on Income" |                         |                          |
| 9 | The Company has not provided for ₹ 2685 Lakhs being penalty on non payment of guarantee fee to the Government of India, since the Ministry of Communications & IT has agreed in principle to waive the same as part of the Company revival package.                |                         |                          |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

|    | Particulars                                                                                                                                                                                                                                                                                                                                                                                            | Current Year<br>2015-16 | Previous Year<br>2014-15 |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|
| 10 | <b>JOINT VENTURES:</b>                                                                                                                                                                                                                                                                                                                                                                                 |                         |                          |
|    | The financial reporting of interests in Joint Ventures as per AS-27:                                                                                                                                                                                                                                                                                                                                   |                         |                          |
|    | (a) India Satcom Limited                                                                                                                                                                                                                                                                                                                                                                               |                         |                          |
|    | No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067                                                                                                                                                                                                                                                                                                                                        |                         |                          |
|    | Company's stake in equity participation                                                                                                                                                                                                                                                                                                                                                                | 49%                     | 49%                      |
|    | Place of incorporation of JV-India                                                                                                                                                                                                                                                                                                                                                                     |                         |                          |
|    | (b) ITI Communications Pte Limited                                                                                                                                                                                                                                                                                                                                                                     |                         |                          |
|    | No.5, Shenton way, #27-01, UIC Building, Singapore-068808                                                                                                                                                                                                                                                                                                                                              |                         |                          |
|    | Company's stake in equity participation                                                                                                                                                                                                                                                                                                                                                                | 49%                     | 49%                      |
|    | Place of incorporation of JV-Singapore                                                                                                                                                                                                                                                                                                                                                                 |                         |                          |
|    | Aggregate amount of the assets                                                                                                                                                                                                                                                                                                                                                                         | NA                      | 13,336.00                |
|    | Aggregate amount of the liabilities                                                                                                                                                                                                                                                                                                                                                                    | NA                      | 13,336.00                |
|    | Aggregate amount of the income                                                                                                                                                                                                                                                                                                                                                                         | NA                      | 3.84                     |
|    | Aggregate amount of the expenses                                                                                                                                                                                                                                                                                                                                                                       | NA                      | 398.77                   |
|    | (Above figures are for ISL only and does not include that of ITI-C, Singapore, which is in the process of liquidation)                                                                                                                                                                                                                                                                                 |                         |                          |
|    | (Bank account of ISL in SBI-IFB became NPA during September 2009 and referred to Stressed Asset Management Branch of SBI. Under the securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 (SARFAESI), SBI has taken possession of the property of ISL factory at Bangalore in May 2011. The accounts of ISL for the year 2015-16 is yet to be received). |                         |                          |
| 11 | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)                                                                                                                                                                                                                                                                                       | 0.00                    | 0.00                     |
|    | Commitments in respect of other contracts not provided for-                                                                                                                                                                                                                                                                                                                                            | 0.00                    | 0.00                     |
| 12 | <b>a) Contingent Liability in respect of</b>                                                                                                                                                                                                                                                                                                                                                           |                         |                          |
|    | - Outstanding letters of credit & guarantees                                                                                                                                                                                                                                                                                                                                                           | 18747.46                | 23803.07                 |
|    | - Sales Tax demand /Service Tax/Income Tax                                                                                                                                                                                                                                                                                                                                                             | 3535.65                 | 3145.58                  |
|    | - Non receipt of C/D forms                                                                                                                                                                                                                                                                                                                                                                             | 24167.76                | 26070.30                 |
|    | - Excise Duty Demand/CENVAT Disallowance                                                                                                                                                                                                                                                                                                                                                               | 2639.98                 | 2641.59                  |
|    | - ESI demand                                                                                                                                                                                                                                                                                                                                                                                           | 0.00                    | 0.00                     |
|    | - Demand of interest & penalty by KVAT                                                                                                                                                                                                                                                                                                                                                                 | 0.00                    | 0.00                     |
|    | - Claims against the Company not acknowledged as debts                                                                                                                                                                                                                                                                                                                                                 | 4019.27                 | 3824.75                  |

**Notes to the Financial Statements (Contd...)**

₹ in lakhs

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Current Year<br>2015-16  | Previous Year<br>2014-15 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| b) Pending litigations:-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |                          |
| (i) Claim Recoverable - in land - ₹ 1049.41 lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                          |                          |
| (ii) Vendors have filed the case against the company involving total amount ₹272.21 lakhs and the case is pending before various forums.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |                          |
| (iii) Disputed statutory liabilities of ₹7125.97 lakhs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                          |                          |
| Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |                          |
| 13 Other Income includes compensation relating to Srinagar unit losses for the years 2015-16 awaiting reimbursement from Ministry of Communications & IT. Against the compensation recognized during financial year 2014-15, a sum of ₹ 598 lacs has been received during financial year 2015-16.                                                                                                                                                                                                                                                                                                                                                                                                                                            | 344.00                   | 864.99                   |
| Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | %                        | %                        |
| 14 Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                          |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>CURRENT YEAR</u>      | <u>PREVIOUS YEAR</u>     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ₹            %           | ₹            %           |
| Imported                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1035.43    2.35          | 1361.25    8.32          |
| Indigenous                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 42994.12   97.65         | 14995.92   91.68         |
| Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>44029.55   100.00</u> | <u>16357.17   100.00</u> |
| 15 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening and closing stock-in-trade.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                          |                          |
| 16 The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹ 4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹ 192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and ₹ 494.02 crores as Revenue Grant towards employee benefit expense and employee related statutory dues during the financial year 2015-16. Out of ₹494.02 crores, ₹112.50 crores given towards employee benefit expense for the period January 2015 to March 2015 is treated as extra ordinary item as per accounting policy. |                          |                          |
| 17 Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹ 285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.                                                                                                                                                                                                                                                                                           |                          |                          |

- 18 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹ 146 lakhs, which is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land aggregating ₹ 5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting entries will be booked for recognising the profit on sale of land.
- 19 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.
- 20 No lease agreement has been entered with ESIC for the additional land occupied by them to an extent of 229 sqmt. Management has confirmed that additional land will be included as a part of lease terms which is due for renewal during FY 2016-17.
- 21 Land Measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.
- 22 Value of Imports on CIF basis
- |                                     |                |                |
|-------------------------------------|----------------|----------------|
| Raw Materials and Production Stores | 1271.22        | 770.90         |
| Components and Spare Parts          | 1.16           | 7.28           |
| Material in transit                 | 0.00           | 262.39         |
| Capital Goods                       | 5508.10        | 9.30           |
| TOTAL                               | <u>6780.48</u> | <u>1049.87</u> |
- 23 Rent from C-DoT, Government of India aggregating ₹ 5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹ 5056.92 lakhs for the financial years 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 on accrual basis is deferred, which is in conformity with AS-9.
- 24 Performance Indicators - Ratios
- |                                                                                       |       |      |      |
|---------------------------------------------------------------------------------------|-------|------|------|
| - Sales to Total Assets                                                               | Times | 0.21 | 0.11 |
| Sales incl. ED / Total Assets (Net Fixed Assets + Investments + Gross Current Assets) |       |      |      |
| - Operating Profit to Capital employed                                                | [%]   | -ve  | -ve  |
| Profit before tax / (Share holders' funds + Loan funds)                               |       |      |      |
| - Return on Net Worth                                                                 | [%]   | -ve  | -ve  |
| (Profit after tax / Share holders' funds)                                             |       |      |      |
| - Profit to Sales                                                                     | [%]   | -ve  | -ve  |
| (Profit before tax to sales incl. ED & Service Tax)                                   |       |      |      |
- 25 During the year, the company has adopted the estimated useful life of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013 as against the old estimate as assessed by the management. Further, the Management is in the process of identifying the assets whose life is expired as on April 01, 2015 and upon reconciliation the WDV of those assets whose life is expired would be then transferred to retained earnings as provided in Note 7(b) to Schedule II of the Companies Act 2013.

- 26 In the absence of financial statements of Joint Venture Company, India Satcom Limited for the year ended March 31, 2016, consolidated financial statements of the Company could not be prepared.
- 27 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.
- 28 Figures in brackets indicated in the Accounts reflect negative balances.

As per our report of even date  
For M/S Sundar Srini & Sridhar  
Chartered Accountants  
Firm Reg No.: 004201S

sd/-

**R. Jayasankar**

Partner

M. No. 026298

sd/-

**S. Shanmuga Priya**

Company Secretary

sd/-

**Dr. Janaki Ananthakrishnan**Director-Finance/Chief  
Financial Officer

sd/-

**P. K. Gupta**Director-Marketing/  
Addl. Charge CMD

Place : Bangalore  
Date : 30th May 2016



## REVENUE EXPENDITURE ON AMENITIES 2015-16

₹ in Crores

| PARTICULARS                                            | TOWNSHIP     | TRANSPORT   | MEDICAL      | CANTEEN     | SCHOOLS,<br>CLUBS,<br>AUDITORIUM,<br>SOCIAL AND<br>CULTURAL<br>ACTIVITIES | VEGETABLES<br>FARMS,<br>PARKS ETC. | 2015-16      | 2014-15      |
|--------------------------------------------------------|--------------|-------------|--------------|-------------|---------------------------------------------------------------------------|------------------------------------|--------------|--------------|
| Pay and Allowances                                     | 7.28         | 2.17        | 4.63         | 1.52        | 0.19                                                                      | 0.11                               | 15.90        | 16.42        |
| Uniforms                                               | 0.00         | 0.00        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 0.00         | 0.02         |
| Grants                                                 | 0.00         | 0.00        | 0.00         | 0.00        | 0.07                                                                      | 0.00                               | 1.80         | 2.93         |
| Supplies and Other Services                            | 0.03         | 1.99        | 5.68         | 2.50        | 0.10                                                                      | 0.09                               | 10.39        | 12.85        |
| Power, light & water                                   | 4.28         | 0.07        | 0.06         | 0.14        | 0.03                                                                      | 0.02                               | 4.60         | 7.36         |
| Transport Charges                                      | 0.01         | 1.55        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 1.56         | 2.13         |
| Rent, Rates, Taxes and Insurance                       | 1.42         | 0.28        | 0.00         | 0.02        | 0.00                                                                      | 0.00                               | 1.72         | 1.79         |
| Maintenance and repairs                                | 1.20         | 0.21        | 0.10         | 0.02        | 0.01                                                                      | 0.32                               | 1.86         | 1.73         |
| Depreciation - Buildings                               | 0.30         | 0.01        | 0.09         | 0.10        | 0.18                                                                      | 0.00                               | 0.68         | 0.48         |
| Depreciation-Plant, Machinery,<br>Equipment & Vehicles | 0.69         | 0.03        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 0.72         | 0.83         |
| General Overheads                                      | 0.01         | 0.03        | 0.03         | 0.03        | 0.00                                                                      | 0.00                               | 0.10         | 0.12         |
|                                                        | <b>15.22</b> | <b>6.34</b> | <b>10.59</b> | <b>4.33</b> | <b>0.58</b>                                                               | <b>0.54</b>                        | <b>37.60</b> | <b>46.66</b> |
| <b>LESS :</b>                                          |              |             |              |             |                                                                           |                                    |              |              |
| Recoveries/adjustments                                 |              |             |              |             |                                                                           |                                    |              |              |
| Rent                                                   | 13.33        | 0.00        | 0.00         | 0.00        | 0.32                                                                      | 0.00                               | 13.65        | 14.35        |
| Power, Light & Water                                   | 2.25         | 0.00        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 2.25         | 1.97         |
| Transport Charges                                      | 0.02         | 0.13        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 0.15         | 0.14         |
| Capitation & other                                     |              |             |              |             |                                                                           |                                    |              |              |
| Recoveries                                             | 0.00         | 0.00        | 0.33         | 0.00        | 0.00                                                                      | 0.00                               | 0.33         | 0.32         |
| Sales proceeds                                         | 0.00         | 0.00        | 0.00         | 0.13        | 0.00                                                                      | 0.00                               | 0.13         | 0.16         |
| Indirect expenses                                      | 0.00         | 0.00        | 0.00         | 0.13        | 0.00                                                                      | 0.00                               | 0.13         | 0            |
| Allocated to Township,<br>Medical & office use         | 0.00         | 0.00        | 0.00         | 0.00        | 0.00                                                                      | 0.00                               | 0.00         | 0            |
|                                                        | <b>15.60</b> | <b>0.13</b> | <b>0.33</b>  | <b>0.26</b> | <b>0.32</b>                                                               | <b>0.00</b>                        | <b>16.64</b> | <b>16.94</b> |
| Net Expenditure                                        | -0.38        | 6.21        | 10.26        | 4.07        | 0.26                                                                      | 0.54                               | 20.96        | 29.72        |
| Interest on Capital outlay<br>notional                 | 0.37         | 0.36        | 0.21         | 0.19        | 0.07                                                                      | 0.00                               | 1.20         | 2.31         |
| <b>TOTAL EXPENDITURE</b>                               | <b>-0.01</b> | <b>6.57</b> | <b>10.47</b> | <b>4.26</b> | <b>0.33</b>                                                               | <b>0.54</b>                        | <b>22.16</b> | <b>32.03</b> |
| <b>Previous Year</b>                                   | <b>-0.31</b> | <b>9.56</b> | <b>13.70</b> | <b>4.72</b> | <b>3.46</b>                                                               | <b>0.90</b>                        | <b>32.03</b> | <b>35.96</b> |

## CAPITAL EXPENDITURE ON AMENITIES 2015-16

₹ in Crores

| GROSS BLOCK AT COST                                        |                     |                                 |                                                   |                                 |                     |
|------------------------------------------------------------|---------------------|---------------------------------|---------------------------------------------------|---------------------------------|---------------------|
| PARTICULARS                                                | AS AT<br>31/03/2015 | ADDITIONS<br>DURING<br>THE YEAR | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | AS AT<br>31/03/2016 |
|                                                            | 1                   | 2                               | 3                                                 | 4                               | 5=1+2-3-4           |
| TOWNSHIP                                                   | 1097.25             | 0.00                            | 0.00                                              | 0.00                            | 1097.25             |
| TRANSPORT                                                  | 5.94                | 0.03                            | 0.00                                              | 0.00                            | 5.97                |
| MEDICAL                                                    | 7.77                | 0.00                            | 0.00                                              | 0.00                            | 7.77                |
| CANTEEN                                                    | 6.45                | 0.00                            | 0.00                                              | 0.00                            | 6.45                |
| SCHOOL CLUBS, AUDITORIUM SOCIAL<br>AND CULTURAL ACTIVITIES | 13.42               | 0.00                            | 0.00                                              | 0.00                            | 13.42               |
| VEGETABLE FARMS, PARKS ETC.                                | 0.05                | 0.00                            | 0.00                                              | 0.00                            | 0.05                |
| <b>TOTAL</b>                                               | <b>1130.88</b>      | <b>0.03</b>                     | <b>0.00</b>                                       | <b>0.00</b>                     | <b>1130.91</b>      |

## CAPITAL EXPENDITURE ON AMENITIES 2015-16

₹ in Crores

| DEPRECIATIONS      |                 |                                                   |                                 |                    |                     |                     |
|--------------------|-----------------|---------------------------------------------------|---------------------------------|--------------------|---------------------|---------------------|
| UPTO<br>31-03-2015 | FOR THE<br>YEAR | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | UPTO<br>31-03-2016 | AS AT<br>31-03-2016 | AS AT<br>31-03-2015 |
| 6                  | 7               | 8                                                 | 9                               | 10=6+7-8-9         | 11=5-10             | 12                  |
| 104.57             | 0.40            | 0.00                                              | 0.00                            | 104.97             | 992.28              | 992.68              |
| 5.71               | 0.04            | 0.00                                              | 0.00                            | 5.75               | 0.22                | 0.23                |
| 3.39               | 0.03            | 0.00                                              | 0.00                            | 3.42               | 4.35                | 4.38                |
| 2.91               | 0.10            | 0.00                                              | 0.00                            | 3.01               | 3.44                | 3.54                |
| 5.55               | 0.07            | 0.00                                              | 0.00                            | 5.62               | 7.80                | 7.87                |
| 0.03               | 0.00            | 0.00                                              | 0.00                            | 0.03               | 0.02                | 0.02                |
| <b>122.16</b>      | <b>0.64</b>     | <b>0.00</b>                                       | <b>0.00</b>                     | <b>122.80</b>      | <b>1008.11</b>      | <b>1008.72</b>      |

## Form No. MR-3

### Secretarial Audit Report for the financial year ended 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
M/s. ITI Limited  
(CIN: L32202KA1950GOI000640)  
ITI Bhavan, Doorvani Nagar,  
Bangalore - 560 016

I have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by M/s. ITI Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

#### Management's Responsibility for Secretarial Compliances:

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

#### Auditor's Responsibility:

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2016 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ITI Limited for the financial year ended on 31st March 2016 according to the provisions of:

1. The Companies Act, 2013 and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') to the extent applicable to the company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009; - **No new securities were issued during the year.**
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were reported during the year.**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**
  - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorised Category I Registrar and Share Transfer Agent.**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No de-listing was done during the year**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy back was done during the year.**
6. Other laws as may be applicable specifically to the Company are:
  - Department of Public Enterprises (DPE) Guidelines on Corporate Governance
  - The Telecom Regulatory Authority of India Act, 1997
  - The Information Technology Act, 2000

Having regard to the compliance system prevailing in the Company and on the basis of presentation/ certificates made by the heads of Departments, and the compliance certificates made by the heads of the Departments and submitted to the Secretarial Department of the Company, we report that the Company has substantially complied with the provisions of other applicable laws relating to maintenance of Labour Laws, Environmental Laws etc. to the extent of their applicability to company.

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India;
- b. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited for the period from 1st April 2015 to 30th November 2015 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) for the period from 1st December 2015 to 31st March 2016.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, Subject to the following observations:

- a) **Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Companies Act, 2013 and Rules made there under are as follows:**

- ***Pursuant to Section 149 (4) of the Act, every listed public Company shall have at-least one-third of the total number of Directors as Independent Directors. However, the company is having only one Independent Director on its Board for the Financial Period under review.***
  - ***The company has constituted the Audit Committee but the composition of the Committee is not in accordance with Section 177 read with Rule 6 of Companies (Meeting of Board and its Power) Rules, 2014 as there is only one Independent Director on the Board of the Committee not forming a majority of Independent Directors in the committee***
  - ***Non-Maintenance of proper fixed assets registers.***
- (b) **Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Compliance with Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) are as follows:**
- ***Composition of Board of Directors of the company is not in accordance with Clause 49 of the Listing Agreement and Regulation 17 of LODR as only one Independent Director is there on the Board.***

Also, I draw attention that:

- The Company is a Sick Company as per the provisions of Sick Industrial Companies Act, 1985 (SICA). CCEA has approved a financial assistance of ₹ 4156.59 Crores in February 2014 for its Revival under Rehabilitation Scheme. Out of the total financial assistance, the capital grant of ₹ 2264 cr will be in the form of equity. Ministry of Communications & IT vide letter No. 20-86/2014-Fac.II dated 11.02.2015 has sanctioned ₹192 Crore. During the year under review, Ministry of Communications & IT as given their no objection and extended time for issue and allotment of 19,20,00,000 equity shares of ₹ 10 each to the President of India. The latest Communication in this regard from the Ministry during the year under review being letter dated 19th January 2016 wherein no objection and extension of time granted for issue and allotment till 31st March 2016.
- Cumulative Redeemable Preference shares amounting to ₹ 30,000.00 Lakhs, overdue for redemption, shown under share capital since the redemption is part of the BIFR package envisaged for the Company.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**D. VENKATESWARLU**

Company Secretary

FCS No. 8554 C P No. 7773

Place : Bangalore

Date : 5th August 2016

**This Report is to be read along with my letter of even date which is annexed as Annexure A and Forms an integral part of this report.**

## **“Annexure A”**

To

The Members

**M/s. ITI Limited**

(CIN: L32202KA1950GOI000640)

ITI Bhavan, Doorvani Nagar,

Bangalore - 560 016

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**D VENKATESWARLU**

Company Secretary

FCS No. 8554 C P No. 7773

Place : Bangalore

Date : 5th August 2016

## Independent Auditor's Report

### To the members of ITI limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of ITI Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### Basis for Qualified Opinion

##### Qualifications not quantifiable

- (a) *In view of Company's own production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold /disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non-moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements. Aggregate Inventories*



- as at March 31, 2016 were ₹ 13715.15 lakhs against which provision of ₹ 3332.13 lakhs has been made towards non-moving and obsolescence.
- (b) The Company does not have an adequate mechanism in place to review the balances in trade receivables and in our opinion, there is a need for systematic age wise segregation and analysis including timely adjustment of advances received from customers. In the absence of such reviews and systematic age-wise analysis, we are unable to comment on the adequacy of provision held for doubtful debts and also on the shortfall, if any, on the amount that would be ultimately realizable from the customers. Total Trade Receivables as on March 31, 2016 were ₹ 280824.29 lakhs against which a sum of ₹ 4378.03 lakhs has been provided for doubtful debts.
- (c) No provision for the permanent diminution in the value of the Investment of Rs 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company has been ascertained as required by Accounting Standard 13 on 'Accounting for Investments' read with in the Significant Accounting Policy No.5, in view of the negative net worth and Statutory Auditors of the JV in their Report for the year ended 31.03.2015 have expressed their inability to comment on the going concern concept adopted by the said JV.
- (d) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation(BMTC)(to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC), has not been recognised as income. A sum of ₹ 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 40.17);
- (e) Non provisioning of interest payable on royalty due to C-DoT in lieu of arrears of rent from the same agency for the premises taken on lease from the Company which is being more than the royalty amount (Refer Note No. 40.23);
- (f) Adequacy of the provisions made towards interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/ short remittance of other statutory dues including Provident Fund, Employees State Insurance and Tax deducted at source as per the provisions of Income Tax Act, 1961 could not be ascertained;
- (g) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 40.19)
- (h) No impairment assessment has been carried out by the Company by reviewing the carrying amount of assets as at the Balance Sheet date as required by Accounting Standard 28 on 'Impairment of Assets' read with Significant Accounting Policy No. 16 of the Company and hence identification of impairment loss and provision thereof, if any, has not been made.
- (i) Our comments on the non-maintenance of proper fixed assets register and no physical verification of fixed assets has been carried out by the Company in a few units as stated in para i(a) and i(b) in the annexure A to this Report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016.
- (j) During the year, as referred to in Note No 40.25, the company has adopted the estimated useful life of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013 as against the old estimate as assessed by the management. However in the absence of adequate information available on the used life of the assets and detailed workings supporting the amount of the depreciation charged, we are unable to verify and confirm the correctness of the amount of depreciation charged for the year. Further, in the absence of proper workings, the transitional provision as mentioned in Note 7(b) to Schedule II

has not been adopted by the company a sum of ₹ Nil has been adjusted against the retained earnings for the assets whose useful life is expired as on 01 April 2015. Had the company adopted Schedule II in the previous year the effect on the depreciation charge and on the transitional adjustment could not be quantified

**Our opinion is modified in respect of these matters.**

#### Qualifications quantifiable

- (a) Non provision of ₹ 8853.64 lakhs towards claims doubtful of recovery comprising of
- (i) rent receivable of ₹ 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.40.23);
  - (ii) Liquidated Damages (LD) of ₹1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi. However in the absence of adequate information to support that the claims are sustainable, we are unable to comment on the carrying value of this claim and the shortfall, if any, on the amount that would be ultimately realized by the Company;
  - (iii) LD claimed by Mankapur Unit from MTNL Delhi and MTNL Mumbai for ₹183.23 lakhs and ₹82.90 lakhs respectively;
  - (iv) Amount recoverable to an extent of ₹ 1690.20 lakhs from HCL Info Systems Limited by Mankapur Unit towards conditional reimbursement as per the agreement between Company and HCL Info Systems Limited.
- (b) Reversal of provisions created for certain items of expenditure amounting to ₹ 2007.86 lakhs have been made in the books of

Mankapur Unit. In the absence of adequate information and reconciliation supporting that provisions are no longer required, the auditors of the said unit have issued a modified opinion.

**Our opinion is modified in respect of these matters.**

#### Qualified Opinion

**Subject to the above qualifications,** in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

#### Emphasis of matter

**We draw attention to the following matters in the Notes to the Financial Statements:**

- (a) Cumulative Redeemable Preference Shares amounting to ₹ 30000.00 lakhs overdue for redemption continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company(Refer Note No. 1);
- (b) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments (Refer Note No. 13);
- (c) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable(Refer Note No. 40.18);
- (d) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, materials with fabricators, sub contractors/ others, material in transit, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service

Tax, TDS etc., being under confirmation/ reconciliation. Adjustments, if any will be made on completion of such reconciliation / receipt of confirmation. (Refer Note 40.4);

- (e) Penalty of ₹ 2685 Lakhs for non payment of guarantee fee to the Government of India, having not been provided for, since the Ministry of Communications and IT has agreed in principle to waive the same as part of Company revival package (Refer Note No. 40.9);
- (f) The Company is Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹ 4156.79 Crores in February, 2014, for Revival of ITI under Rehabilitation Scheme (Refer Note No. 40.16)
- (g) No lease agreement has been entered with ESIC for the additional land occupied by the Corporation to an extent of 229 sqmt. (Refer Note 40.20)
- (h) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the balance sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 40.21)
- (i) Validity of Claims recoverable from DoT towards loss incurred by Srinagar Unit. A sum of ₹ 393.87 lakhs and a sum of ₹ 266.99 lakhs is pending from DoT for the loss incurred by the said units in FY 2013-14 and for FY 2014-15 respectively.

***Our opinion is not modified in respect of these matters.***

#### Other Matters

- a) *We did not audit the financial statements of five Units whose financial statements reflect total assets of ₹ 464290.89 Lakhs as at March 31, 2016, total revenues of ₹ 78502.78 Lakhs and Loss after tax of ₹ 22910.44 Lakhs for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have*

*been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors.*

- b) *We have relied on the unaudited financial statements of certain Regional Offices whose financial statements reflect total assets of ₹ 15633.88 Lakhs as at March 31, 2016, total revenues of ₹ 7960.69 Lakhs and Loss after tax of ₹ 410.33 Lakhs for the year ended on that date. These unaudited financial statements of ROs have been certified by the Management and furnished to us and our report is based solely on such unaudited financial statements.*

***Our opinion is not modified in respect of these other matters.***

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Units not visited by us.
  - c) The reports on the accounts of those Units of the Company audited under Section 143 (8) of the Act by the Unit auditors have been sent to us and

have been properly dealt with by us in preparing this report.

- d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the units not visited by us.
- e) Except for the effects of the matter described in the Basis for Qualified opinion under the caption qualifications not quantifiable, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of Notification No. G S R 463(E) dated June 05, 2015;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial

statements – Refer Note 40.12(b) to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

3. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company – Reference Annexure C attached.

**For Sundar Srini & Sridhar**  
**Chartered Accountants**  
 Firm Registration No: 004201S

**R. Jayasankar**  
**Partner**  
 Membership No: 026298

Place : Bangalore  
 Date : May 30, 2016



## ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

i.

(a) The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information except for the assets located at Bangalore Plant, Bangalore NS Unit, Mankapur Unit and Corporate Office where the records are to be updated in relation to location and adjust for revaluation and be reconciled with the Books of Account.

(b) According to the information and explanations given to us and on the basis of the Report of the Other Auditors, except for the fixed assets located at the Bangalore Plant, Bangalore NS Unit, Rae Bareli, Palakkad Unit and Corporate Office, fixed assets at all other locations have been physically verified by the management and no material discrepancies were noticed on such verification. Pending physical verification of fixed assets at the above referred locations, discrepancies, if any, cannot be ascertained and accounted for.

(c) We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the units where we have audited are not made available to us and in the absence of the specific comment on the same by the other Auditors in their Report.

ii. According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at

- Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support the assessment of the reasonableness of the intervals of verification;
- NSU Unit &
- Raebareli Unit

According to the information and explanations given to us and based on the Report of the Other Auditors, no material discrepancies were noticed on physical verification of the inventories at the locations where Management had carried out physical verification. However, at Bangalore Plant since documents supporting the comparison of physical stocks with book records are not made available, we are unable to comment on the discrepancies.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore paragraph 3(iii) of the Order is not applicable to the Company.

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans provided to the parties covered under Section 186.

v. The Company has not accepted deposits from public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of

excise, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of ₹ 1578.60 lakhs and ₹ 8525.76 lakhs and ₹ 4327.65 lakhs and ₹ 721.49 lakhs pending as arrears pertaining to Provident Fund in the books of Naini, Raebareli, Mankapur and Bangalore Plant units respectively, and further a sum of ₹1.23 lakhs pending as arrears towards Employees State Insurance pertaining to Bangalore NS Unit and further a sum of ₹ 117.72 lakhs pending as arrears towards U.P Trade Tax on Sales in the books of Raebareli

which are not disputed and are outstanding for a period of more than six months from the date they became payable. We have been informed that Sales Tax & Service Tax liabilities on sales set up on provisional basis are not recognised & accounted.

- (b) According to the information and explanations given to us and based on the Report of the Other Auditors, statutory dues that have not been deposited with the appropriate authorities on account of any dispute are as follows:

| Sl. No. | Name of the statute      | Nature of dues                                                                                          | Amount in ₹ Lakhs | Period to which the dispute relates | Forum where the dispute is pending             |
|---------|--------------------------|---------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------|------------------------------------------------|
| 1       | Central Excise Act, 1944 | ED demanded on insurance, freight and amount of credit notes.                                           | 71.55             | 2007                                | Custom Excise & Service Tax Appellate Tribunal |
| 2       | Central Excise Act, 1944 | CENVAT credit availed on scrap and write off cases disallowed                                           | 16.75             | 2005                                | Custom Excise & Service Tax Appellate Tribunal |
| 3       | Central Excise Act, 1944 | Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit ₹ 200.00 lakhs)            | 637.00            | 2003-2005                           | Custom Excise & Service Tax Appellate Tribunal |
| 4       | Central Excise Act, 1944 | ED Demanded on R&D prototype modules for field trail. Stay extended ( net of pre deposit ₹ 30.00 lakhs) | 299.00            | 2006-07                             | Custom Excise & Service Tax Appellate Tribunal |
| 5       | Central Excise Act, 1944 | Duty Short paid                                                                                         | 0.99              | 1998-99                             | Custom Excise & Service Tax Appellate Tribunal |
| 6       | Central Excise Act 1944  | Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit ₹ 14.00)       | 496.76            | 2001-2002<br>2002-2003              | Custom Excise & Service Tax Appellate Tribunal |
| 7       | Central Excise Act 1944  | CENVAT Credit availed                                                                                   | 376.00            | 2007-2008                           | Custom Excise & Service Tax Appellate Tribunal |

|    |                                 |                                                                   |         |                                     |                                                       |
|----|---------------------------------|-------------------------------------------------------------------|---------|-------------------------------------|-------------------------------------------------------|
| 8  | Central Excise Act 1944         | 110%/115% demanded on transfer of purchased items to sister units | 108.28  | 2007-2008                           | Custom Excise & Service Tax Appellate Tribunal        |
| 9  | UP VAT                          | Sales Tax                                                         | 264.89  | 1986-1989                           | UP Government                                         |
| 10 | UP VAT                          | Sales Tax                                                         | 15.32   | 1989-1996                           | UP Government                                         |
| 11 | UP VAT                          | Sales Tax                                                         | 158.12  | 1987-1989<br>1996-1998<br>2000-2002 | UP Government                                         |
| 12 | UP VAT                          | Sales Tax                                                         | 429.96  | 1987-1989<br>1996-1998<br>2000-2002 | Member Tribunal                                       |
| 13 | Service Tax (Finance Act, 1994) | Service Tax                                                       | 3.52    | 2012-2013                           | Commissioner (Appeals ) Allahabad                     |
| 14 | Income Tax Act, 1961            | Penalty/Additional fees For TDS                                   | 96.31   | 2007-2016                           | CPC (TDS)                                             |
| 15 | Central Sales Tax, 1956         | Demand of Additional Tax against Form C – Naini                   | 1013.98 | 2005-06                             | Addl Commissioner, Appeals Commercial Tax, Allahabad  |
| 16 | Central Sales Tax, 1956         | Demand of Additional Tax against Form C                           | 5.30    | 2007-08                             | Dy. Commissioner sector 14, Commercial Tax, Allahabad |
| 17 | Central Sales Tax, 1956         | Demand of additional Tax Against Form C/F                         | 9.23    | 2008-09                             | Addl Commissioner, Appeals Commercial Tax, Allahabad  |
| 18 | Central Sales Tax, 1956         | Addl. Commissioner Appeals Commercial Tax Allahabad               | 36.61   | 2009-10                             | Joint Commissioner, Commercial Tax, Allahabad         |
| 19 | Central Sales Tax, 1956         | Demand of Additional Tax Against Form C/F                         | 44.43   | 2010-11                             | Dy. Commissioner sector 14, Commercial Tax, Allahabad |

|    |                                 |                                                |        |                                     |                                                       |
|----|---------------------------------|------------------------------------------------|--------|-------------------------------------|-------------------------------------------------------|
| 20 | Central Sales Tax, 1956         | Demand of Additional Tax against Form C/F      | 10.96  | 2011-12                             | Addl Commissioner, Appeals Commercial Tax, Allahabad  |
| 21 | Central Sales Tax, 1956         | Demand of Additional Tax against Form C        | 96.17  | 2012-13                             | Dy. Commissioner sector 14, Commercial Tax, Allahabad |
| 22 | Central Sales Tax, 1956         | Sales Tax                                      | 97.72  | 2006-2007                           | DC (Appeals) Ernakulam                                |
| 23 | Central Sales Tax, 1956         | Sales Tax                                      | 0.88   | 2009-2010                           | DC (Appeals) Ernakulam                                |
| 24 | Central Excise Act, 1944        | Excise duty                                    | 91.65  | 2003-2004                           | Commissioner (Appeals), Kochi                         |
| 25 | Central Excise Act, 1944        | Excise duty                                    | 68.07  | 2001-2002                           | Commissioner (Appeals), Kochi                         |
| 26 | Central Excise Act, 1944        | Excise duty                                    | 5.15   | 2002-2003                           | Commissioner (Appeals), Kochi                         |
| 27 | Service Tax (Finance Act, 1994) | Service Tax                                    | 109.44 | 2010-2011                           | Commissioner of Central Excise, Calicut               |
| 28 | Central Excise Act, 1944        | Provision for obsolescence                     | 52.28  | 2011-2012                           | Commissioner of Central Excise, Calicut               |
| 29 | Service Tax (Finance Act, 1994) | Service Tax                                    | 140.34 | 2011-2012                           | Commissioner of Central Excise, Calicut               |
| 30 | Service Tax (Finance Act, 1994) | Denial of service Tax Credit on Input Services | 161.27 | 2011-2012                           | Commissioner of Central Excise, Calicut               |
| 31 | Service Tax (Finance Act, 1994) | CENVAT Credit on Manpower supply               | 2.76   | 2012-2013                           | Commissioner of Central Excise, Calicut               |
| 32 | Service Tax (Finance Act, 1994) | CENVAT Credit on Manpower supply               | 2.69   | 2012-2013                           | Commissioner Calicut                                  |
| 33 | Sales Tax Act                   | Sales Tax                                      | 280.86 | 2000-2021<br>2003-2004<br>2005-2006 | Trade Tax Tribunal, Lucknow                           |
| 34 | Sales Tax & Entry Tax Act       | Sales Tax                                      | 234.05 | 1998-1999<br>2000-2005<br>2006-2009 | Additional Commissioner (TradeTax ) Lucknow           |



|    |                                    |                                        |                |                    |                                             |
|----|------------------------------------|----------------------------------------|----------------|--------------------|---------------------------------------------|
| 35 | Sales Tax Act                      | Sales Tax                              | 0.93           | 2000-2001          | Dy. Commissioner (Trade Tax) RBL            |
| 36 | Sales Tax                          | Sales Tax                              | 423.57         | 2009-2013          | Additional Commissioner (TradeTax ) Lucknow |
| 37 | Karnataka Municipalities Act, 1964 | Demand for higher rate of property tax | 1360.90        | 2008-09 to 2015-16 | High Court of Karnataka                     |
|    |                                    | <b>Total</b>                           | <b>7125.97</b> |                    |                                             |

- viii. According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or Government.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No.G S R 463(E) dated June 05, 2015.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18,

Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For Sundar Srini & Sridhar**  
**Chartered Accountants**

Firm Registration No: 004201S

**R. Jayasankar**  
**Partner**

Membership No: 026298

Place : Bangalore

Date : May 30, 2016

## **ANNEXURE - B TO THE AUDITORS' REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We were engaged to audit the internal financial controls over financial reporting of ITI Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may

occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Disclaimer of Opinion**

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016

The system of internal financial controls over financial reporting with regard to the Units of the Company have not been audited by the respective statutory auditors of the Units and we are unable to determine if the Units have established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a qualified opinion on the financial statements.

**For Sundar Srini & Sridhar**

**Chartered Accountants**

Firm Registration No: 004201S

**R. Jayasankar**

Partner

Membership No: 026298

Place : Bangalore

Date : May 30, 2016

## Annexure – C

**Directions under Section 143(5) of the New Companies Act, 2013 issued by the Comptroller and Auditor General of India to the Statutory Auditors of ITI Limited, for conducting audit of accounts for the year 2015-16.**

| Sl. No. | Area                                                                                                                                                                                                    | Auditor Comment                                                                                                                                                                                                                                                      |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Whether the Company has clear title / lease deeds for Freehold and Leasehold respectively? If not Please state the area of Freehold and Leasehold land for which title / lease deeds are not available. | Refer para i(c) of Annexure A to Auditors' Report                                                                                                                                                                                                                    |
| 2       | Whether there are any cases of waiver /write off of Debts/ loans/Interest etc., if yes, the reasons therefore and the amount involved.                                                                  | Nil                                                                                                                                                                                                                                                                  |
| 3       | Whether proper records are maintained for inventories lying with third parties & assets received as gift(s) from Govt. or other authorities                                                             | Proper records are being maintained for the inventories lying with third parties and assets received as gift/grant(s) from Govt or other authorities. However, during the year, there is no case of assets received as gif/grant(s) from Govt. or other authorities. |

**For Sundar Srini & Sridhar**

**Chartered Accountants**

Firm Registration No: 004201S

**R. Jayasankar**

Partner

Membership No: 026298

Place : Bangalore

Date : May 30, 2016

## **Annexure – II**

### **Compliance Certificate**

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2016 in accordance with the directions/sub-directions issued by the Comptroller & Auditor General of India under Section 139 of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

**For Sundar Srini & Sridhar**

Chartered Accountants  
Firm Registration No.004201S

**R. Jayasankar**

Partner  
M.No.:026298

Place : Bangalore

Date : May 30, 2016

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ITI LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of ITI Ltd., Bengaluru for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30th May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of ITI Ltd., Bengaluru for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report

For and on the behalf of the  
Comptroller and Auditor General of India

Place : Delhi  
Date : 12th August 2016

Sd/-  
**(P.K. Tiwari)**  
Director General of Audit  
(Post and Telecommunications)



**ATTENDANCE SLIP**

ITI LIMITED  
REGISTERED & CORPORATE OFFICE  
ITI BHAVAN, DOORVANINAGAR : BANGALORE – 560 016.  
CIN: L32202KA1950GoI000640

I hereby record my presence at the 66th Annual General Meeting held on Wednesday, the 21st September, 2016 at 11.30 a.m at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore-560 042.

Name of Member :

Name of Proxy

(to be filled if Proxy form has been :  
deposited with the company

Folio No. / Client ID No. :

No. of Shares :

Address :

Member's / Proxy's Signature





PROXY FORM

Form No MGT- 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the  
Companies (Management and Administration) Rules, 2014]

ITI LIMITED

REGISTERED & CORPORATE OFFICE

ITI BHAVAN, DOORVANINAGAR: BANGALORE – 560 016.

CIN:L32202KA1950GoI000640

|                           |
|---------------------------|
| Name of Member(s):.....   |
| Registered address:-..... |
| Email_id:.....            |
| Folio No/Client Id:.....  |

I, We being the members of \_\_\_\_\_ shares of the ITI Ltd, hereby appoint:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
3. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_

as my/ our proxy to vote for me /us and on my/our behalf at the 66th Annual General Meeting of the Company to be held on Wednesday, the 21st September 2016 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below::

| SI No | Resolution(s)                                                                                                                             |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------|
| 1     | Approval of the audited financial statements for the year ended 31.03.2016 and the Reports of the Board of Directors and Auditors thereon |
| 2     | Re-appointment Shri S.Gopu, Director who retires by rotation                                                                              |
| 3     | Re-appointment Dr. Janaki Ananthakrishnan, Director who retires by rotation                                                               |
| 4     | Fixation of remuneration of Statutory and Branch Auditor                                                                                  |
| 5     | Appointment of Shri Saday Krishna Kanoria, Director as Independent Director                                                               |
| 6     | Appointment of Shri K. Alagesan, Director-Production                                                                                      |
| 7     | Appointment of Shri R.M.Agarwal as Government Director                                                                                    |
| 8     | Ratification of remuneration payable to the Cost Auditors                                                                                 |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of shareholder (s): \_\_\_\_\_

Signature of Proxy holder (s): \_\_\_\_\_

Affix  
1 Rupee  
Revenue  
Stamp

Notes:

The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

# Route Map

## for 66th Annual General Meeting of ITI Limited at

### Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore - 560 042

