

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



**आईटीआई लिमिटेड**

पंजीकृत एवं निगमित कार्यालय  
आईटीआई भवन, दूरवाणीनगर,  
बैंगलूरु - 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/ 2017  
Date: 04.10.2017

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 67<sup>th</sup> Annual report of the Company for the year 2016-17 duly approved by the shareholders in the Annual General Meeting held on 27-09-2017.

Thanking you,

Yours faithfully  
For ITI LIMITED

(S. Shanmuga Priya)  
Company Secretary

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## BOARD OF DIRECTORS\*

**Shri S Gopu**  
Director-Human Resources /  
Additional charge Chairman & Managing Director

**Dr Janaki Ananthakrishnan**  
Director Finance

**Shri K Alagesan**  
Director-Production/  
Additional charge Director - Marketing

**Shri R M Agarwal**  
Deputy Director General (SU)  
Dept. of Telecommunications

**Lt. Gen. A R Prasad, AVSM, VSM, ADC**  
Signal Officer in Chief & Senior Colonel Commandant  
Ministry of Defence

**Shri Saday Krishna Kanoria**  
Independent Director

**Smt Asha Kumari Jaswal**  
Independent Director

\*As on 22.08.2017

## 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, Naini.**  
**M/s. Sri Ram Bhuvanesh & Co., Mankapur.**  
**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**  
**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. S. Gopu**

Director-HR /  
Additional charge Chairman  
& Managing Director (from 01.01.2017)

**Dr. Janaki Ananthakrishnan**

Director-Finance

**Shri K. Alagesan**

Director-Production /  
Additional Charge Director Marketing  
(from 01.01.2017)

**Shri A.Gnanasekaran**

Chief Vigilance Officer

**Shri V.K.Sharma**

Deputy General Manager-IA

**Mrs S Shanmuga Priya**

Company Secretary

**PLANTS / UNITS / PROJECTS**

Bangalore Plant

**Shri Y. Muralidhar**

Additional General Manager

Srinagar Plant

**Shri A.K. Agrawal**

Additional General Manager

Naini Plant

**Shri R. Krishna Prasad**

General Manager

Rae Bareli Plant

**Shri S.P. Gupta**

Additional General Manager

Palakkad Plant

**Shri J. Premchand**

General Manager

Mankapur Plant

**Shri A.K. Bajoria**

Additional General Manager

Network Systems Unit

**Shri S.S. Chakrabarti**

General Manager

Research & Development

**Shri M. Arun Kumar**

Executive Director R & D

Corporate Marketing

**Dr. Joyti Kaul**

General Manager

Business Co-ordination Office, New Delhi

**Shri A.K. Agrawal**

Additional General Manager

## NOTICE

NOTICE is hereby given that the Sixty Seventh (67th) Annual General Meeting of ITI Limited will be held on Wednesday, 27th September, 2017 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore -560 042 to transact the following business:

### I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31.03.2017 along with the reports of the Board of Directors and Auditors and comments of Comptroller and Auditor General of India.
2. To appoint a Director in place of Shri K Alagesan (DIN: 07439659), 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 THAT pursuant to Section 142 of the Companies Act, 2013 the Board of Directors of ITI Limited be and is hereby authorised to fix the remuneration and other terms and conditions, including reimbursement of travelling allowance and out of pocket expenses of Statutory Auditors of the Company appointed by Comptroller and Auditor General of India and Branch Auditors of the Company for the financial year 2017-2018”.

### II. SPECIAL BUSINESS

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

“RESOLVED THAT the appointment of Lt Gen A R Prasad (DIN: 07699668), as Government Nominee Director of the Company with effect from 07.11.2016 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”

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

“RESOLVED THAT the appointment of Smt Asha Kumari Jaswal (DIN: 07786698), appointed as Independent Director of the Company with effect from 06.04.2017 on the terms and conditions as stipulated by the Government of India, be and is hereby approved.”

7. 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 thereunder the remuneration of Rs. 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 2017-18 be and is hereby ratified”.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

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

Place: Bangalore  
Date: 22.08.2017

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

**NOTES:**

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 21st September, 2017 to 27th September, 2017, 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 IN STEAD 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 of proxy in order to be effective should be deposited at the registered office of the company, duly completed and signed, 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 Registry Management Services Private Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003 and their respective Depository Participants immediately of any change in their address.
9. Members may visit the website of the Company [www.itiltld-india.com](http://www.itiltld-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 are attached here to 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. To support the Green Initiative, Members are requested to register /update their email addresses with Share Transfer Agent of the Company, for receiving the documents in electronic form. Members holding shares in electronic form may also register /update their email ids with their depositories. It may also be noted that the shareholders opting to receive communication in electronic mode may also be furnished free of cost, with a copy of the above mentioned documents, upon receipt of request to [cosocy\\_crp@itiltld.co.in](mailto:cosocy_crp@itiltld.co.in).
15. Members/their Proxies/Representatives are requested to note:-
  - i. To bring their copies of Annual report to AGM
  - ii. That no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
  - iii. That no gifts will be distributed at the venue of the AGM

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar  
Bangalore-560016

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

Date: 22.08.2017  
Place: Bangalore

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

**Explanatory statement as required under Section 102 of the Companies Act, 2013****Item No. 5 to 6**

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the 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:

**LT General A R Prasad**

Lt General A R Prasad, AVSM, VSM, ADC, Signal Officer in Chief, Ministry of Defence, (DIN:07699668), was appointed as Government Nominee Director vide Ministry of Communications & IT order no F.No.5-1/2016-PSA dated 07.11.2016, in the place of Lt General Nitin Kohli, VSM SO-in-C (since retired).

**Smt Asha Kumari Jaswal**

The Ministry of Communications & IT vide order No. F.No. 5-3/2016-PSA dated 30.01.2017 has conveyed the approval for the appointment of Smt Asha Kumari Jaswal (DIN : 07786698) as Non Official Independent Director. However, appointment of Smt Asha Kumari Jaswal had taken effect from 06.04.2017

Smt Asha Kumari Jaswal was inducted into the Board as an Additional Director w.e.f 06.04.2017 and in terms of Section 161 of the Companies Act, Smt Asha Kumari Jaswal can hold office upto the date of the ensuing Annual General Meeting. Smt Asha Kumari Jaswal, in the opinion of the Board, fulfils the conditions specified in the Companies Act and the rules made thereunder for appointment as an Independent Director.

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 placed before the Annual General Meeting for member's approval.

Notice has been received u/s 160 of the Companies Act, 2013 from members signifying their intention to propose the appointment of Lt General A R Prasad and Smt Asha Kumari Jaswal as Directors of the Company at the ensuing Annual General Meeting.

Lt General A R Prasad and Smt Asha Kumari Jaswal 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.

A brief profile of Lt General A R Prasad and Smt Asha Kumari Jaswal are provided in Annexure A of this Notice.

**Item No.7**

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 2017-18 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 member's approval.

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

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

Date: 22.08.2017  
Place: Bangalore

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

## Annexure A

### BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT / RE-APPOINTMENT

#### Directors seeking re-appointment in this AGM

**1. Shri K Alagesan** (DIN: 07439659), aged 57 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 Bareilly plant in ITI. Effective from 01.01.2017, Shri K Alagesan has also been entrusted with additional charge as Director Marketing. 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 and Key Managerial Persons of the Company and does not hold any shares in the Company. He is also on the Board of Director of India Satcom Limited.

**2. Dr Janaki Ananthakrishnan** (DIN: 07247256) aged 57 years, holds graduation in M.B.B.S, PG 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 member of Corporate Social Responsibility Committee and Stakeholders Relationship Committee of ITI. Dr Janaki Ananthakrishnan is not related to any of the Directors and Key Managerial Persons of the Company and does not hold any shares in the Company. She is not in board of any other Company.

#### Directors seeking appointment in this AGM

**1. Lieutenant General Ashish Ranjan Prasad** (DIN: 07699668) AVSM, VSM, ADC, Signal Officer in Chief and Senior Colonel Commandant has had experience in Counter Insurgency / Counter Terrorism Operations in North as well as North East. He has done M.Tech from IIT Madras and has set benchmarks to be emulated in technical as well as administration and human resource management fields. General has hands on experience in Electronic and cyber warfare. His expertise in this dimension of warfare along all spectrum of conflict and acquisition of technical int is indeed significant. He has the experience of commanding a Signal EW Brigade and heading Signal Intelligence Division of Indian Army. His contribution to Army in general and Corps of Signals in particular has been recognized through award of four commendation cards and a "Vishisht Seva Medal". The General has been instrumental in

initiating and implementing several policy changes to facilitate expeditious execution of large number of projects. His principal of taking “Need Felt” initiatives in the fields of communication has facilitated communication and connectivity in the tactical battle area. The same has been widely applauded Under his stewardship the Army has been taking giant steps in IT & Telecommunication fields. Lieutenant General Ashish Ranjan Prasad, is a member in Board of Electronic Corporation of India Limited and member of Nomination and Remuneration Committee of ITI. Lieutenant General Ashish Ranjan Prasad, is not related to any of the Directors and Key Managerial Persons of the Company and does not hold any shares in the Company.

**2. Smt Asha Kumari Jaswal** (DIN : 07786698) aged 63 years, has done M.A., L.L.B., and is an Advocate by profession. Smt Asha Kumari Jaswal currently holds the position as Mayor, Chandigarh. Smt Asha Kumari Jaswal is a member of member of Audit Committee and Nomination and Remuneration Committee of ITI. Smt Asha Kumari Jaswal is not related to any of the Directors and Key Managerial Persons of the Company and does not hold any shares in the Company. She is not in the Board of any other 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:

|     | For Members holding shares in Demat Form and Physical Form   |
|-----|--|
| 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 23.09.2017 at 10.00 AM and ends on 26.09.2017 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 20.09.2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting there after.
- (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 Scrutinier 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.itilt-d-india.com](http://www.itilt-d-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**

Date: 22.08.2017  
Place: Bangalore

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

## TEN YEARS DIGEST

₹ in Crores

| OPERATING RESULTS  | 2016-17<br>** | 2015-16 |
|--|---------------|---------|
| Sales including services   | 1611          | 1253    |
| Accretion/(Decretion) to Stock   | 18            | 0       |
| Value of Production  | 1629          | 1253    |
| Other Income   | 377           | 486     |
| Direct Materials   | 605           | 670     |
| Charges on Installation & Maintenance  | 642           | 318     |
| Employees Cost   | 262           | 315     |
| Depreciation   | 17            | 13      |
| Financing Expenses   | 153           | 157     |
| Other Expenses less Charges on Installation & Maintenance                    | 187           | 124     |
| Profit   | 140           | 142     |
| Prior Period Adjustments   | 0             | (3)     |
| Extraordinary Items  | 165           | 112     |
| Profit Before Tax  | 305           | 251     |
| Provision for Tax / Deferred Tax/FRB   | -             | -       |
| Add: Provision for tax of earlier<br>years no longer required                | -             | -       |
| Profit after Tax   | 305           | 251     |
| Dividend   | -             | -       |
| FINANCIAL POSITION   | 2016-17       | 2015-16 |
| Equity   | 560           | 288     |
| Preference Shares  | 300           | 300     |
| Preference Shares - Application  | 0             | 0       |
| Money Received Pending Allotment   | 0             | 192     |
| Reserves & Surplus   | 2,884         | 2,758   |
| Revaluation Reserves   | 2,348         | 2,354   |
| Miscellaneous expenditure not written off                                    | 0             | 0       |
| Profit and Loss Account-(Debit)  | 4,610         | 4,915   |
| Net Worth Funds with Revaluation Reserve                                     | 1,482         | 785     |
| Net Worth without<br>considering DRE not written off and Revaluation Reserve | (866)         | (1,569) |
| Grant-in-aid   | 0             | 0       |
| Bonds  | 0             | 0       |
| Other borrowings and deferred credit   | 879           | 839     |
| Gross Block  | 3,804         | 3,737   |

**TEN YEARS DIGEST (Contd....)**

₹ in Crores

| 2014-15 | 2013-14 | 2012-13<br>* | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---------|---------|--------------|---------|---------|---------|---------|---------|
| 620     | 770     | 921          | 993     | 2139    | 4660    | 1741    | 1210    |
| (2)     | (2)     | (11)         | 3       | (87)    | (30)    | 21      | (4)     |
| 618     | 768     | 910          | 996     | 2052    | 4630    | 1762    | 1206    |
| 86      | 40      | 33           | 34      | 78      | 376     | 176     | 426     |
| 185     | 137     | 235          | 315     | 1662    | 4210    | 1476    | 884     |
| 214     | 382     | 409          | 422     | 190     | 47      | 75      | 61      |
| 321     | 337     | 393          | 402     | 389     | 558     | 401     | 383     |
| 15      | 17      | 18           | 21      | 22      | 24      | 27      | 29      |
| 157     | 122     | 85           | 85      | 80      | 119     | 292     | 281     |
| 110     | 159     | 163          | 154     | 148     | 479     | 313     | 290     |
| (298)   | (346)   | (360)        | (369)   | (361)   | (431)   | (646)   | (296)   |
| 1       | 2       | 48           | (1)     | 3       | (28)    | (22)    | (61)    |
| 0       | 0       | 130          | -       | -       | -       | -       | -       |
| (297)   | (344)   | (182)        | (370)   | (358)   | (459)   | (668)   | (357)   |
| -       | -       | -            | -       | -       | -       | -       | 1       |
| -       | -       | -            | -       | -       | -       | -       | -       |
| (297)   | (344)   | (182)        | (370)   | (358)   | (459)   | (668)   | (358)   |
| -       | -       | -            | -       | -       | -       | -       | -       |
| 2014-15 | 2013-14 | 2012-13      | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| 288     | 288     | 288          | 288     | 288     | 288     | 288     | 288     |
| 300     | 300     | 300          | 300     | 300     | 300     | 300     | 300     |
| 0       | 0       | 0            | 0       | 0       | 0       | 0       | 0       |
| 192     | 0       | 0            | 0       | 0       | 0       | 0       | 0       |
| 2,735   | 2,718   | 2,709        | 2,700   | 2,701   | 2,527   | 73      | 64      |
| 2,360   | 2,374   | 2,390        | 2,406   | 2,424   | 2,448   | 2,473   | 2,499   |
| 0       | 0       | 0            | 0       | 0       | 0       | 0       | 0       |
| 5,166   | 4,869   | 4,527        | 4,345   | 3,975   | 3,622   | 3,219   | 2,551   |
| 713     | 819     | 1,172        | 1,413   | 1,807   | 2,016   | (4)     | 686     |
| (1,647) | (1,555) | (1,218)      | (993)   | (617)   | (432)   | (2,477) | (1,813) |
| 4       | 8       | 12           | 64      | 69      | 75      | 81      | 86      |
| 0       | 0       | 2            | 2       | 2       | 7       | 456     | 442     |
| 921     | 876     | 606          | 483     | 341     | 271     | 1,688   | 1,789   |
| 3,690   | 3,696   | 3,695        | 3,691   | 3,684   | 3,681   | 3,679   | 3,657   |

## TEN YEARS DIGEST (Contd....)

₹ in Crores

| FINANCIAL POSITION                                  | 2016-17      | 2015-16      |
|---|--------------|--------------|
| Depreciation  | 1,298        | 1,279        |
| Net Block   | 2,506        | 2,458        |
| Capital work-in-progress                            | 102          | 92           |
| Assets, Loans and Advances (Current & Non-Current): |              |              |
| Inventory   | 142          | 104          |
| Debtors   | 2,233        | 2,764        |
| Others  | 530          | 416          |
| <b>Total</b>  | <b>2,905</b> | <b>3,284</b> |

Turnover and Value of production for the year 2016-17,2015-16,2014-15,2013-14,2012-13 & 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.

\*\* Employee cost & Other income includes ₹ 33.72 crores on account of VRS funded from the Government of India.

| FINANCIAL POSITION                                   | 2016-17     | 2015-16     |
|--|-------------|-------------|
| Liabilities and Provisions (Current & Non-Current)   | 2851        | 3719        |
| Working Capital                                      | (694)       | (1998)      |
| Capital Employed (Net Fixed Assets+ Working Capital) | 1812        | 460         |
| <b>Sources of Funds:</b>                             |             |             |
| Shareholders' Fund                                   | 1482        | 977         |
| Borrowings   | 1179        | 1139        |
| Net Non-Current Liabilities                          | 132         | (725)       |
| Deferred Tax   | 0           | 0           |
| <b>Total</b>   | <b>2793</b> | <b>1391</b> |

### Application of Funds:

|  |             |             |
|--|-------------|-------------|
| Net Fixed Assets                         | 2506        | 2458        |
| Working Capital (Other than Cash Credit) | 184         | (1160)      |
| Capital Work in progress                 | 102         | 92          |
| Investments                              | 1           | 1           |
| <b>Total</b>                             | <b>2793</b> | <b>1391</b> |

| FINANCIAL RATIOS  | 2016-17 | 2015-16 |
|---|---------|---------|
| <b>Working Capital Ratios:</b>                                    |         |         |
| Current Ratio   | 0.79:1  | 0.53:1  |
| Working Capital in no. of months of value of Production           | N.A     | N.A     |
| Inventory in no. of months of value of Production                 | 1.05    | 1.00    |
| Debtors(Net of Advances) in in terms of months sales and services | 14.40   | 18.47   |
| Working capital to total Assets (%)                               | N.A     | N.A     |

**TEN YEARS DIGEST (Contd....)**

₹ in Crores

| 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---------|---------|---------|---------|---------|---------|---------|---------|
| 1,267   | 1,243   | 1,210   | 1,175   | 1,137   | 1,089   | 1,040   | 987     |
| 2,423   | 2,453   | 2,485   | 2,516   | 2,547   | 2,592   | 2,639   | 2,670   |
| 33      | 21      | 1       | 2       | 7       | 1       | 2       | 1       |
| 93      | 96      | 105     | 113     | 118     | 284     | 403     | 371     |
| 2,219   | 2,152   | 4,067   | 4,268   | 4,979   | 4,921   | 2,268   | 1,825   |
| 572     | 366     | 348     | 333     | 409     | 631     | 350     | 354     |
| 2,884   | 2,614   | 4,520   | 4,714   | 5,506   | 5,836   | 3,021   | 2,550   |

| 2014-15     | 2013-14     | 2012-13     | 2011-12     | 2010-11     | 2009-10     | 2008-09     | 2007-08     |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 3406        | 3393        | 5227        | 5335        | 5911        | 6136        | 3523        | 2305        |
| (1311)      | (1501)      | (1259)      | (621)       | (405)       | (300)       | (502)       | 245         |
| 1112        | 952         | 1226        | 1895        | 2142        | 2292        | 2137        | 2915        |
| 713         | 819         | 1172        | 1413        | 1807        | 2016        | (4)         | 686         |
| 1223        | 876         | 608         | 485         | 343         | 278         | 2144        | 2231        |
| 131         | 155         | 57          | 0           | 0           | 0           | 0           | 0           |
| 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| <b>2067</b> | <b>1850</b> | <b>1837</b> | <b>1898</b> | <b>2150</b> | <b>2294</b> | <b>2140</b> | <b>2917</b> |

|             |             |             |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2423        | 2453        | 2485        | 2516        | 2547        | 2592        | 2639        | 2670        |
| (390)       | (625)       | (650)       | (621)       | (405)       | (300)       | (502)       | 245         |
| 33          | 21          | 1           | 2           | 7           | 1           | 2           | 1           |
| 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>2067</b> | <b>1850</b> | <b>1837</b> | <b>1898</b> | <b>2150</b> | <b>2294</b> | <b>2140</b> | <b>2917</b> |

| 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---------|---------|---------|---------|---------|---------|---------|---------|
| 0.66:1  | 0.62:1  | 0.75:1  | 0.88:1  | 0.93:1  | 0.95:1  | 0.86:1  | 1.11:1  |
| N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | 2.44    |
| 1.81    | 1.50    | 1.38    | 1.36    | 0.69    | 0.74    | 2.74    | 3.69    |
| 38.76   | 30.22   | 30.18   | 30.89   | 18.12   | 8.50    | 7.21    | 12.84   |
| N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | N.A     | 8.40    |



## TEN YEARS DIGEST (Contd....)

₹ in Crores

| <b>FINANCIAL RATIOS</b>  | <b>2016-17</b> | <b>2015-16</b> |
|--|----------------|----------------|
| Cost of Direct Material to value of Production incl. Excise Duty (%)                     | 37.14          | 53.47          |
| Cost of Direct Material & Charges on Insttn to value of Production incl. Excise Duty (%) | 76.55          | 78.85          |
| <b>FINANCIAL RATIOS</b>  | <b>2016-17</b> | <b>2015-16</b> |
| Growth Ratios:   |                |                |
| Annual growth in value of Production (%)   | 30.01          | 102.75         |
| Annual growth in Gross Block excluding Revaluation Reserve (%)                           | 5.28           | 3.98           |
| <b>OTHER STATISTICS</b>  | <b>2016-17</b> | <b>2015-16</b> |
| Turnover composition:  |                |                |
| To BSNL/MTNL   | 1083           | 592            |
| Others   | 528            | 661            |
| <b>Total</b>   | <b>1611</b>    | <b>1253</b>    |
| Value added  | 283            | 177            |
| No. of Employees as on 31st March  | 4052           | 5229           |
| Value Added per Employee (₹)   | 609848         | 310363         |
| Value of Production per Employee (₹)   | 3510398        | 2197089        |

[Figures in brackets indicate negative figures]

**TEN YEARS DIGEST (Contd....)**

₹ in Crores

| <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> | <b>2009-10</b> | <b>2008-09</b> | <b>2007-08</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 29.94          | 17.84          | 25.82          | 31.63          | 80.99          | 90.93          | 83.77          | 73.30          |
| 64.56          | 67.58          | 70.77          | 74.00          | 90.25          | 91.94          | 88.02          | 78.36          |
| <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> | <b>2009-10</b> | <b>2008-09</b> | <b>2007-08</b> |
| (19.53)        | (15.60)        | (8.63)         | (51.46)        | (55.68)        | 162.77         | 46.10          | (32.89)        |
| (0.58)         | 0.10           | 0.39           | 0.68           | 0.29           | 0.20           | 2.19           | 1.31           |
| <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> | <b>2009-10</b> | <b>2008-09</b> | <b>2007-08</b> |
| 239            | 260            | 181            | 206            | 1963           | 4298           | 1507           | 806            |
| 381            | 510            | 740            | 787            | 176            | 362            | 234            | 404            |
| <b>620</b>     | <b>770</b>     | <b>921</b>     | <b>993</b>     | <b>2139</b>    | <b>4660</b>    | <b>1741</b>    | <b>1210</b>    |
| 153            | 164            | 166            | 164            | 328            | 335            | 222            | 242            |
| 6177           | 7311           | 8516           | 9512           | 10616          | 11737          | 12556          | 13045          |
| 226868         | 207241         | 184158         | 162957         | 293473         | 275800         | 173431         | 182918         |
| 916370         | 970493         | 1009541        | 989666         | 1835995        | 3811798        | 1376509        | 911565         |

## FIGURES AT A GLANCE

₹ in Crores

| BALANCE SHEET                          | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| <b>(a) What the Company owned</b>      |                       |                       |
| Fixed Assets                           | 3804                  | 3737                  |
| Less: Depreciation                     | 1298                  | 1279                  |
| Net Block                              | 2,506                 | 2,458                 |
| Capital Work-in-Progress               | 102                   | 92                    |
| Investments                            | 1                     | 1                     |
| Current Assets, Loans & Advances       | 2653                  | 2233                  |
| Less: Current Liabilities              | 3348                  | 4231                  |
|  | (695)                 | (1998)                |
| Add: Non Current Assets                | 251                   | 1050                  |
|  | 2,165                 | 1,603                 |
| <b>(b) Less: What the Company owed</b> |                       |                       |
| Non-Current Liabilities                | 683                   | 818                   |
| <b>(c) Shareholders' Funds [a]-[b]</b> | 1,482                 | 785                   |
| Represented by:                        |                       |                       |
| Share Capital                          | 860                   | 588                   |
| Reserves & Surplus                     | 2884                  | 2758                  |
| Revaluation Reserve                    | 2348                  | 2354                  |
| Grant-in-aid                           | 0                     | 0                     |
| Less: Profit and Loss Account (Debit)  | 4610                  | 4915                  |
|  | 622                   | 197                   |
|  | 1,482                 | 785                   |

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

₹ in Crores

| <b>PROFIT AND LOSS ACCOUNT</b>   | <b>For the year ended<br/>31st March 2017</b> | <b>For the year ended<br/>31st March 2016</b> |
|--|---|---|
| <b>(a) What the Company earned</b>   |   |   |
| Sales including services(including excise duty and service tax)                          | 1,611   | 1,253   |
| Other Income   | 377*  | 486   |
| Increase/(Decrease) in Work-in-Process,<br>Stock-in-Trade and Manufactured<br>Components | 18  | 0   |
|  | <u>2006</u>                                   | <u>1739</u>                                   |
| <b>(b) What the Company incurred</b>   |   |   |
| Materials  | 1247  | 988   |
| Employees Cost   | 262*  | 315   |
| Depreciation   | 17  | 13  |
| Financing Expenses   | 153   | 157   |
| Other Expenses(including excise duty and service tax)                                    | 187   | 124   |
|  | <u>1866</u>                                   | <u>1597</u>                                   |
| <b>(c) Profit (a-b)</b>  | <u>140</u>                                    | <u>142</u>                                    |
| <b>(d) Prior Period Adjustments</b>  | 0   | (3)   |
| <b>(e) Profit before extraordinary items and tax</b>                                     | <u>140</u>                                    | <u>139</u>                                    |
| <b>(f) Extraordinary items</b>   | 165   | 112   |
| <b>(g) Profit before tax</b>   | <u>305</u>                                    | <u>251</u>                                    |
| <b>(h) Less: Provision for Taxation</b>  | 0   | 0   |
| <b>(i) Profit after tax**</b>  | <u>305</u>                                    | <u>251</u>                                    |

\* Employee cost & Other income includes ₹33.72 Crores on account of VRS funded from the Government of India.

\*\* Profit for the year after Grant In aid of ₹361.71 Crores and ₹494.02 Crores respectively.

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

₹ in Crores

| SOURCES AND APPLICATION OF FUNDS       | For the year ended<br>31st March 2017 | For the year ended<br>31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| <b>SOURCES OF FUNDS</b>                |                                       |                                       |
| 1. Depreciation                        | 17                                    | 13                                    |
| 2. Increase in Borrowings              | 40                                    | 0                                     |
| 3. Reduction in Working Capital        | 0                                     | 769                                   |
| 4. Revenue Grant in aid received       | 516                                   | 494                                   |
| 5. Capital Grant in aid received       | 80                                    | 18                                    |
| 6. Increase in Non-Current Liabilities | 57                                    | 0                                     |
| 7. Decrease in Non-Current Assets      | 800                                   | 0                                     |
|  | <u>1510</u>                           | <u>1294</u>                           |
| <b>APPLICATION OF FUNDS</b>            |                                       |                                       |
| 1. Loss After Tax*                     | 56                                    | 243                                   |
| 2. Decrease in Borrowings              | 0                                     | 82                                    |
| 3. Increase in working Capital         | 1344                                  | 0                                     |
| 4. Fixed Assets                        | 76                                    | 107                                   |
| 5. Capital Grant-in-aid utilised       | 0                                     | 4                                     |
| 6. Revenue Grant-in-aid utilised       | 34                                    | 0                                     |
| 7. Decrease in Non-Current Liabilities | 0                                     | 187                                   |
| 8. Increase in Non-Current Assets      | 0                                     | 671                                   |
|  | <u>1510</u>                           | <u>1294</u>                           |

Note:

\*Loss of ₹56 crores and ₹243 crores is without Grant In Aid of ₹361.71 crores and ₹494.02 crores respectively.

## Board Of Directors' Report

### Dear Shareholders,

I am delighted to present, on behalf of the Board of Directors, the 67th Annual Report of your Company along with its Audited Statements of Accounts for the year ended March 31, 2017, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

### PERFORMANCE

The Company has achieved Sales of Rs.1611 Crores during the year 2016-17 against Rs.1253 Crores during the previous year 2015-16. This is remarkably the highest turnover in the past six years. 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. With the grants from the Government of India, net profit for the period has increased by 21% to mark Rs.305 Crores for the year 2016-17 as against Rs. 251 Crores for the previous year, which is after considering a grant of Rs.360.71 Crores by the Government during 2016-17 and Rs.494.02 Crores during 2015-16.

After continuous loss for the last 13 years till 2014-15, our Company has achieved its turn around with this profit of Rs. 305 Crores for the second consecutive year taking into account the grant in aid received from the Government of India for revival. While considering profit/loss of the Company without any Government grants, ITI's losses have drastically come down to Rs.56 Crores in 2016-17 from Rs.243 Crores in 2015-16 which is an incomparable organizational achievement.

The contribution (net of material cost) for the year 2016-17 is Rs.298 Crores, which is comparable for that of previous year at Rs.201 Crores. The company is making efforts to regain its strong leadership position in the telecommunications domain in the country. The company has plans to keep this sustainability going on and achieve the complete turnaround with the support of Government of India.

### IMPLEMENTATION OF REVIVAL PACKAGE OF ITI LIMITED

The Cabinet Committee on Economic Affairs (CCEA), during February 2014, has approved the Revival plan of ITI by fund infusion of Rs.4156.79 Crores. This package consists of Rs.2264 Crores in the form of equity for financial assistance in all the plants of ITI for implementation of new projects and Rs.1892.79 Crores to be financial assistance as grant-in-aid. Out of Rs.2264 Crores, Government has released Rs. 192 Crores as first phase disbursement to the Company towards capital expenditure during 2014-15 and Rs.80 Crores has been released during 2016-17. Company has already submitted proposals for new projects worth Rs.500 Crores and has been allocated Rs. 200 Crores Capex in Budget estimation of 2017-18. Funds against this allocation are expected to be released shortly from the Government. Beyond this we have put up proposals for implementation of new projects for about Rs. 600 Crores.

For the projects planned under Rs.192 Crores plan the infrastructure up-gradation has been completed in all plants of ITI . Further the projects planned under Rs.80 Crores are in final stages of implementation. This support from the Government has helped ITI to enter into manufacturing of products in different market domains in a big way. We are manufacturing and supplying GPON equipments for providing 2 Mbps high speed Broad band connectivity to Gram panchayats across India under BharatNet project to BBNL & BSNL.

Under Revival plan, several projects have been already implemented at various manufacturing plants of ITI and some projects are under implementation. In addition to telecom products like G-PON (ITI has got orders from BBNL and BSNL for the supply of GPON equipments with C-DoT technology and is expecting orders from Railtel.), MLLN, Broadband equipments etc., Major impetus has been given for the manufacture of encrypted telecommunication equipments required for Defence sector. We have submitted tenders for Encryption equipments for Defence and we are confident of getting orders in the coming months. ITI has also ventured in to diversified products like OFC manufacturing, Smart card manufacturing, Data Centre, Products / solutions under IOT verticals etc. Solar panel manufacturing line for 18MW capacity is being installed at ITI Naini. Our existing Data Center is being expanded further to augment 1200 racks. ITI has already established 3 lines of HDPE manufacturing at Rae Bareli plant. In view of huge requirement, to enhance the capacity, one more line of HDPE pipe manufacturing has been commissioned at Palakkad unit.

ITI is in the process of installing one manufacturing line for Optical Fibre Cable (OFC) at Rae Bareli unit. Further optical fibre drawing and optical fibre cable manufacturing infrastructure is also being planned at Bangalore unit. ITI has taken TOT for manufacture and supply of Li-Ion batteries focussing for Telecom applications, Wi-fi solutions, Low power BTS with C DOT technology, Contract manufacturing activities for VSSC and other PSUs.. A 3-D printing facility has been commissioned at Bangalore unit. Other products identified for manufacture are Antenna, Radio modems, CLIP Phones, Smart Jammers, Anti intrusion systems, Set top box, Hand Held Terminals/devices, Smart energy meters, component screening facility, Mini PC etc.

The revival package provided to ITI has boosted our manufacturing strengths to a new height and we are confident of manufacturing various telecom and allied products to cater for domestic market demands under make in India vision of Government of India.

## HIGHLIGHTS

The turnover for the year 2016-17 is mainly constituted from Network For Spectrum (NFS) project, ROs and CCOs Services, AMC for ASCON, Defense Business and it's AMC, MLLN and SSTP Projects and it's AMC, National Population Register (NPR), NGN, AMC for GSM-SZ, GSM-WZ, AMC for OCB, GPON, Data Centre and IT and IOT Solutions.

The Company has been working on very important projects National Importance. ITI has bagged turnkey orders for Supply, Installation, Commissioning and Maintenance of GPON Equipments covering about 38000 villages from BBNL & BSNL. This project will extend the High Speed broad band services on GPON platform to rural masses. Company has bagged purchase orders from BBNL for Rs. 205 Crores and from BSNL for Rs 130 Crores during the year 2016-17.

GPON is a prestigious project of national importance which is being executed by ITI against the "BharatNet Project" under the scheme of "Digital India". ITI is presently executing G-PON order of BBNL with C-DOT technology. The ONT, OLT, Splitters, Accessories and IT equipments are being supplied by ITI Raebareli Plant, ONT being supplied by Mankapur Plant also and Solar Power Equipements are being supplied by ITI Naini Plant. ITI Bangalore plant is also ready to supply GPON equipments and a full-fledged repair centre is being setup at ITI Bangalore for catering the repair services.

ITI has deployed 400 teams for Installation and Commissioning of this nationwide network penetrating to the uncovered Gram Panchayats in the hinterland of remote Rural India. ITI is also discussing on the phase II of "BharatNet Project" and expect more orders from this mega project. This project provides Broadband connectivity to 2.5 Lakhs Grama Panchayats in India.

The other important project being executed is the NFS (Network For Spectrum) project worth Rs. 2985 Crores for the defense forces of India 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 with AMC in the Eastern and North- Eastern region of the country. ITI has won the order for these 2 zones, for deployment of optical fibre for around 13,500 Kms of length. Out of the total of 13500 kms cable laying, nearly 9000 kms have been laid in both F and G Packages. So, ITI has already completed 70% of the work and will be completing the entire project by this year end.

This year ITI have achieved another height as ITI Palakkad plant was part of the recent rocket launch of the ISRO. Palakkad plant has contributed to the manufacturing of electronic assembly for ISRO's Geosynchronous Satellite Launch Vehicle (GSLV) Mark III, one of the prestigious missions of ISRO. The electronic packages fabricated at ITI Palakkad plant were part of the successful launch on June 5, 2017.

On the defense front, the Company has participated in the mega tender of ASCON Phase IV project and awaiting opening of the commercial bid. ITI has recently won a contract from BSNL for encryption products of the NFS project. We are expecting an order for Rs. 90 Crores from the defense for the supply of encryption products. We have also bid for the ASCON encryption tender and hoping to get good orders. In addition, ITI has orders for MIL PCM and other projects for defense.

The overall performance of the Company is as follows:

(Rs. in Crore)

| Sl. No. | Products/Projects                     | 2016-17<br>(Including ED & ST) | 2015-16<br>(Including ED & ST) |
|---------|---------------------------------------|--------------------------------|--------------------------------|
| 1       | NFS Project                           | 700.16                         | 535.28                         |
| 2       | ROs/ CCOs/ IT/ IOT                    | 190.00                         | 145.03                         |
| 3       | Defence / ASCON                       | 181.35                         | 117.93                         |
| 4       | MLLN / MLLN AMC/SSTP                  | 154.85                         | 42.64                          |
| 5       | GSM WZ Projects / AMC                 | 81.11                          | 88.43                          |
| 6       | GSM - SZ AMC                          | 76.25                          | 65.11                          |
| 7       | NPR / SECC Projects (Data Collection) | 70.59                          | 104.63                         |
| 8       | NGN / C5 / Ph2                        | 35.86                          | 63.22                          |
| 9       | OCB AMC Business                      | 32.86                          | 31.46                          |
| 10      | GPON                                  | 22.51                          | 6.66                           |
| 11      | Misc. Services                        | 19.77                          | 29.50                          |
| 12      | Data Centre                           | 19.13                          | 13.96                          |
| 13      | Banking / Div. Prod./Cont.Mfg         | 11.23                          | 0.00                           |
| 14      | SMPS & Repairs                        | 5.73                           | 6.77                           |
| 15      | SATCOM & PCM MUX & TELESET            | 5.24                           | 0.48                           |
| 16      | GSM - MTNL                            | 2.44                           | 2.16                           |
| 17      | NPR - Smart Card                      | 1.61                           | 0.00                           |
| 18      | WLL- CDMA Infra                       | 0.00                           | 0.08                           |
|         | <b>Total</b>                          | <b>1610.69</b>                 | <b>1253.34</b>                 |



## PROJECTS EXECUTED DURING THE YEAR 2016-17

### • Next Generation Network (NGN)

ITI Bangalore plant successfully executed the purchase order worth Rs.35.86 Crores for NGN products received from BSNL.

### • National Population Registration (NPR) / Aadhaar Seeding and Socio Economic & Caste Census (SECC) projects

ITI is one among the consortium of three PSUs (other two PSUs being M/s BEL and 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.

The Aadhaar seeding work of Kerala has also been awarded to ITI and the work started in July 2016 ITI has seeded nearly 330 Lakhs Aadhaar Numbers to the NPR data base at 75 Centers in 14 districts of Kerala. The Project was completed in all centers during December 2016. The above consortium is also executing SECC Projects for the Ministry of Rural Development (MORD). ITI Palakkad has executed total purchase orders worth Rs.70.59 Crores during the year.

### • GSM

ITI has implemented GSM Projects in BSNL West Zone and MTNL-Mumbai in technology alliance with M/s Alcatel-Lucent and in South Zone in technology alliance with M/s Huawei. The Annual Maintenance Contract related works have been carried out in these zones for total value of Rs.159.80 Crores.

### • Defence projects

ITI is the leader in supplying encryption equipments for the secured communication in the Defence networks. In the year 2016-17, ITI had executed orders worth Rs.76.20 Crores 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. Cable Laying and services worth Rs.395.91 Crores by Raebareli Unit and Rs.304.25 Crores by Mankapur unit have been completed during the year 2016-17.

### • MLLN and SSTP Projects & AMC

MLLN equipment provides dedicated path between two points which carry voice, data and video and BSNL is providing leased circuits to banks and other organizations using MLLN. Palakkad Plant has received order for Rs.134 Crores during 2016-17. Palakkad has also implemented Hardware upgrade of SSTP equipment to overcome the obsolescence of some cards used in the equipment, Capacity upgrade of Mobile Number Portability functions and Software upgrade to match the global levels for future addition of features. Palakkad Plant has executed the orders received from BSNL for MLLN and SSTP Projects and its AMC for total value of Rs.154.85 Crores during the year.

### • Giga-bit Passive Optical Network (GPON)

ITI Rae Bareilly Plant has executed order worth Rs.14.26 Crores and Naini Plant has executed order for Rs.8.25 Crores during the year.

- **Switch Mode Power Supply (SMPS)**

ITI Rae Bareli Plant is manufacturing SMPS systems and executing the orders from BSNL / MTNL. Order value worth Rs.5.73 Crores has been executed by Raebareli Unit.

- **Data Center & IT Projects**

ITI has already established Tier 3+ state-of- art Datacenter 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 Mizoram. ITI is also executing Accelerated Power Development and Reform Programme (APDRP) of Tamil Nadu state.

- **Maintenance Contracts for ASCON and OCB Projects**

ITI had earlier established the ASCON network for Indian Army. ASCON AMC order worth Rs 105.15 Crores has been executed by NSU. ITI was also the major supplier of fixed line switches to BSNL and MTNL. Currently, ITI has been extending maintenance assistance to BSNL and MTNL for OCB exchanges, OCB order worth Rs.32.86 Crores has been executed during the year.

- **E-Tendering Business, Network Management, CCTV Surveillance Orders**

Regional Offices of ITI have executed various orders viz. E-Tendering Business, Network Management, CCTV Surveillance Orders, Video Audio Infra, WiFi establishment and other miscellaneous orders for total value of Rs.190 Crores during the year.

## FINANCE

The performance of the Company for the year 2016-17 as compare to the previous year is as follows

(Rs. in Crs)

| Sl. No. | Particulars   | 2016-17 | 2015-16 |
|---------|---|---------|---------|
| i       | Sales including services                              | 1611    | 1253    |
| ii      | Value of Production                                   | 1629    | 1253    |
| iii     | Loss/Profit before tax                                | 305     | 251     |
| iv      | Loss/Profit after tax                                 | 305     | 251     |
| v       | Financing Expenses                                    | 153     | 157     |
| vi      | Depreciation  | 17      | 13      |
| vii     | Capital Employed (Net Fixed Assets + working capital) | 1812    | 460     |
| viii    | R&D Expenditure                                       | 16      | 16      |

## 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 Rs. 4156.79 Crores for the revival of the Company. The fund infusion will be capital grant of Rs.2264 Crores in the form of equity and the balance amount of Rs.1892.79 Crores in the form of grant-in-aid.

The Company has received Rs.192 Crores during February 2015 and Rs.80 Crores during November 2016 and Rs. 100 Crores during July 2017 from Ministry of Communications and IT for meeting the expenditure towards CAPEX implementation of various projects in its various plants. The Company has allotted 27,20,00,000 equity shares of Rs. 10 each at par to President of India.

Accordingly, the paid up Equity Share Capital as on 31st March 2017 was Rs. 560,00,00,000. 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 10% Minimum Public Shareholding requirement. Accordingly, 2,72,00,000 equity shares of Rs 10 each are to be transferred from President of India to Special National Investment Fund (SNIF) for maintenance of SEBI's 10% minimum Public shareholding

During the year under review, the Company has not granted stock options or sweat equity. As on 31st March 2017, none of the Directors of the Company hold any shares of the Company.

## DIVIDEND

As your Company still have accumulated losses the Directors are not in a position to recommend any dividend for the year 2016-2017.

## HIGHLIGHTS OF THE PRODUCTION PLANTS AND SERVICE UNITS

### BANGALORE PLANT

Bangalore plant achieved a turnover of Rs.217.60 Crores (with ED & service tax) during the year 2016-17 registering a profit of Rs.6.22 Crores.

### Major Projects / Orders completed in FY 2016-17

The supply consisted of NGN supplies worth Rs.35.86 Crores under the Government's prestigious Digital India Initiative. Under services, the unit executed GSM-SZ AMC of Rs.76.25 Crores, Defence AMC of Rs.13.65 Crores and generated revenue of Rs.19.13 Crores from Data Centre Business.

The Unit also supplied Defence Equipments worth Rs.62.55 Crores, ISAT for CRPF – Rs.1.57 Crores, Telephones for Defence and BSNL worth Rs.0.79 Crores; Primary MUX for BSNL for Rs.2.58 Crores, Contract Manufacturing and Reliability Lab services Rs. 0.78 Crores, and Spares Rs.0.01 Crores. Revenue of Rs.10.38 Lakhs earned by way of in-plant Training during the Financial Year.

Under the revival plan Phase I, 6 projects viz Legacy secrecy projects, 1 Gigabit encryptor, Multichannel Encryption Unit, PSU Business, SCADA, MUX, Telephone, Data Centre and IT Projects are implemented. 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 inductin latest development tools



for future requirements. R&D took on development of Multi channel Encryption Units (MCEU), Gigabit Encryptor, Optical transport Unit (OTU1 & OTU2), 1G & 10 G Interface for NFS secrecy, etc.

### **Future Outlook**

Under new revival projects, establishment of Data Centres at Bangalore & Naini, Development of Radio Modem, CLIP phones, Antenna Manufacturing, Creation of EMI/EMC Chamber, Poly jet 3D Printer, etc. are under implementation. Demo samples are being validated for offering to TSEC certification to BSNL. ITI is also venturing into new smart city / IOT project.

### **PMKVY**

Bangalore plant has set up a state of art skill development scheme called the Pradhan Mantri Kausal Vikas Yojna (PMKVY) to cater to the skill development for the needy to impart Hands on Training, GE certified course at the Centre of Excellence CoE. 70 students have been trained so far on the OFC splicing technique and it is matter of pride that all the students who attended the online test have cleared the exam.

### **IoT**

Under Centre of Excellence (CoE), Bangalore plant has set up a centre where ITI will develop solutions and showcase of Internet of Things (IoT) namely Smart Environment, Smart Lighting, Smart Home/Office, Smart Health, Intelligent Transport System, SCADA Solutions in Water, Gas & Electricity, RFID Based solutions, Content Filtering Solutions for ISP, Education Sector etc. ITI has entered into teaming agreement with number of IoT companies including some start-ups firms and plan to showcase the smart solutions from these companies in this facility. ITI has tied up with many technology providers for offering various solutions based on IoT, which go into building smart infrastructure for smart cities and also for augmenting the Digital India initiative of Government of India. Exploring business from various Government bodies like MoUD & State Government, Agricultural Board, Pollution Control Board, Water Supply Board, Municipal Authorities etc.

### **3D printing**

3D printing is a revolutionary manufacturing method by which we can create various types of Three Dimensional (Solid) parts using a CAD file with a single machine Bangalore Plant has procured Fortis 450 3D printer and installed.

### **Data Centre**

ITI is setting up a Data Centre with a rack space of 24,000 Sq ft at Bangalore Plant. There are lot of scopes to get good orders from Government agencies. The plan is to set up the Tier III + Data Centre (Uptime 99.982%), at Bangalore with a DR site at Naini and vice versa. ITI Data Center is an endeavor to provide customer-centric services to Government Organizations and Corporate entities. The expected potential customers are Banks, Financial services and Insurance (BFSI) sector, Government organizations / PSUs, Defense Ministry and Defense Organizations, Medium, Small and Micro Scale Enterprises (MSME), Educational Institutions. 1000 racks Data Center at Bangalore and 200 racks Data Center at Naini has been planned. Data Center with First 300 Racks is planned to be put live by October-2017.

### **TAG – ITI Wallet**

This is a cashless secure payment service under Digital India initiative of Government of India “Mera Mobile – Mera Bank”. This is called TAG-ITI MOBILE WALLET which has a huge popularity especially after the Demonetization move. All the transactions are executed and monitored by our Data Centre in Bangalore plant. ITI is the first manufacturing PSU to have entered into cashless transaction with this “TAG-ITI”.

## **Aadhaar Based Authentication Services on SaaS Model**

With the 'Digital India' initiative gaining ground and the increase in demand for Aadhaar based authentication services, ITI has ventured into the business of providing Aadhaar based authentication services based on Software as a Service (SaaS) model to address various segments. Till date, over 98 Crores Aadhaar numbers have been generated by UIDAI and 97% of Adult population has Aadhaar Number.

ITI shall be playing the role of providing ASA (Authentication Service Agency) & KSA (KYC Service Agency) services to the concerned departments of Government. of Gujarat who sign up with UIDAI as AUAs (Authentication User Agency) and KUAs (KYC User Agency). Similarly ITI will provide support for the AUA/KUA entities to integrate Aadhaar services in their core platform based on the business requirements. The ITI ASA / KSA solution / platform will be hosted in ITI Data Center in Bangalore.

ITI is also focusing on ICT projects under Digital India. We have bagged many orders for various services like AADHAAR authentication, e-signature, e-KYC under different projects like e-mitra, e-gram from various State Governments and nationalized banks.

## **PCB Plant**

A state of art PCB manufacturing plant has been set up in Bangalore plant and inaugurated by DDG-SU on the 18th January, 2017.

## **MoUs signed during the year**

Bangalore Plant has signed about 4 MoUs for development manufacture and supply of Radio Modem, CLIP phones, Antenna and Ruggedised MUX equipment.

## **Tender Addressed**

GSM 2G, IP Encryptors, BEU, PCM MUX, ETS04, Contract manufacturing for BHEL, CDAC, CDoT, LRDE, BEL, ISRO etc.

## **Measures taken for energy conservation**

Energy Consumption for the year is 2,276,456 units, which is only 10% higher than previous year consumption inspite of the fact that upgradation of infrastructure and installation of various equipments under revival plan are carried out during the year 2016-17.

With the upgraded infrastructure for Electronic Manufacturing in place and Rs.3000 Crores worth of tenders on the anvil, the plant is all set for a historic turn around.

## **MANKAPUR PLANT**

Mankapur Plant including GSM WZ & MTNL has achieved a turnover of Rs.389.45 Crores (including ED & Service Tax) which is highest in the last eleven years.

## **Projects / Major orders completed during 2016-17**

Prestigious NFS project for package F for construction of exclusive optical NLD backbone and optical



access route on turnkey basis for Defense network is being executed by ITI Mankapur. Additional cable colaying work is also started.

### **Revival Projects**

The Plant has upgraded its infrastructure under revival plan during the financial year. The manufacturing for ONT 11 (GPON equipment) has commenced in February 2017 and 4104 nos. of ONT 11 have been produced and delivered to Raebareli unit against BBNL order. During the year, the unit obtained for the first time, orders worth Rs.33.50 Lakhs for contract manufacturing from C-DoT Bangalore.

### **BBWT (Wi-Fi) PRODUCT**

Wi-Fi products are emerging as a good business opportunity in the Indian communication market. Broadband Wireless Terminal (BBWT) of C-DOT is an effective solution to provide broadband services using Wi-Fi technology to rural, urban and semi urban areas. It is an ideal solution for railway stations, schools, warehouses, hotels and other enterprises needing to extend managed wireless LANs outdoors where Ethernet cabling is not possible. It operates in 2.4 Ghz and 5.8 Ghz license free band and supports optical and electrical Ethernet 10/100/1000 Mbps interface for backhaul connectivity. The Plant has installed the equipments for manufacturing of BBWT-WiFi systems.

### **Low Power BTS**

Under USO Fund Low Power BTS of 2W and 5W capacity are to be installed in uncovered rural/ remote areas/ villages across the country, especially in North Eastern part of India. The compact BTS of C-DOT is a potential solution for providing GSM Network in these areas. The equipment for manufacturing of Low Power BTS is planned to be installed in Mankapur by September 2017.

### **Skill Development Programme**

Under the Skill Development Programme, Mankapur Plant has adopted "Government. Industrial Training Institute, Mankapur" in September 2016, and have imparted training to 371 students. Besides this, training for skill up-gradation of Lecturers of Government. Polytechnics and seminar on Management of Waste Electrical, Electronics Equipment (WEEE) was also conducted by unit HREDC during the year.

Hospital Information System (HIS), an application to handle the services of ITI hospital has been developed in house and successfully deployed by ITI Computer Division. HIS includes service modules like OPD, Referrals, Emergency, Common Services and Rostering besides Store management, Indoor management, User management and Master data setup.

### **Measures taken for energy conservation**

- a. Installation of LED street lighting in factory and colony area. – 300 Nos.
- b. Retrofit replacement of LED tube lights in place of conventional FTLs in factory area 300 Nos.
- c. Surrendering contract demand of factory connection by 1300 KVA in August 2015 & another by 1200 KVA in May 2016 and the present contract demand of factory is 2000 KVA.
- d. Close monitoring of daily power consumption of factory and colony.
- e. The energy conservation efforts has resulted in a saving of approx. Rs. 105 lakhs in 2016-17 in comparison with 2015-16.

## RAE BARELI PLANT

Rae Bareli Plant achieved a performance of Rs. 435.67 Crores, during the year 2016-17 by execution of NFS Project, GPON equipment supplies, supply of SMPS equipments and GSM Franchise business.

### Major Orders received up to 31st March 2017

Out of the purchase orders received from BBNL towards GPON Project for Rs. 205 Crores and from BSNL for Rs 130 Crores during the year 2016-17, Purchase order value of Rs. 114 Crores and Rs 47 Crores respectively are allocated to ITI Raebareli for supply of ONT, OLT, Splitters, accessories and IT equipments.

### 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 (ONT). ITI Raebareli plant has supplied 7635 ONT and 03 OLT up to 31st March 2017.

### 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 had already set up one line of PLB HDPE Pipe manufacturing and obtained TSEC. Further, two additional lines of PLB HDPE Pipe manufacturing have been installed. The plant has received an educational order of Rs. 48 Lacs from BSNL and obtained BPC.

## FUTURE OUTLOOK

### 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. 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.

ITI has entered into agreement with M/s EXICOM for implementation of this project for Telecom application. ITI will be fully responsible for marketing, manufacturing, installation and maintenance support.

### Optical Fiber 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 has ordered Machines and equipment worth Rs. 40 Crores for implementation of this project. Optical Fiber Cable (OFC) manufacturing plant is under installation and commissioning.

## **PALAKKAD PLANT**

### **Performance**

The Palakkad Unit has achieved a turnover of Rs.231.71 Crores. during the year 2016-17 registering a profit of Rs.131.29 Crores. The Palakkad unit has set an ambitious production target of Rs.307 Crores for the year 2017-18 for which the entire Palakkad team is making all out efforts.

### **Major Projects / orders completed in Financial Year 2016-17**

The unit has completed the prestigious identity projects such as National Population Register (NPR) awarded by Office of RGI and Marine Fishers Identity Project (MFID) from Department of Fisheries. The Unit has also successfully completed the work of Socio Economic Caste Census (SECC) for the Ministry of Rural Department, which helped them to have a unified database which can be used for availing the various benefit schemes. ITI has completed the supplies of Biometric Handheld Terminals to Office of RGI and Fisheries departments for the reading and authentication of Smart Cards supplies against NPR and MFID projects. The unit has also completed the order of NPR Aadhaar seeding project in Kerala for the order value of Rs.11.00 Crores.

ITI Palakkad also executed SSTP Upgrade Project worth Rs.37 Crores for BSNL and received Purchase Order of Rs.134 Crores from BSNL for MLLN Project out of which order worth Rs.75 Crores is executed during 2016-17. AMC orders worth Rs.40 Crores of MLLN and SSTP projects were successfully executed. Excellent technical support had been provided to BSNL and MTNL for MLLN, SSTP and OCB projects.

### **Defence / Contract Manufacturing**

The focused and result oriented efforts in the Defence and Contract manufacturing area had been made during the year 2016-17. A leap in the business activities with VSSC has been made with the facility accreditation of SMT assembly line, Conformal Coating, Testing of some avionics packages and Component Screening. Subsequently accreditation for manufacturing and testing of 21 avionics packages and screening of 2 types of components received from VSSC. Purchase Order are continuously being received and executed within the stipulated delivery schedules.

VSSC, due to their increased launch vehicle requirements, are planning to outsource various activities as an end to end production mode to approved work centres and ITI Palakkad is qualified as one among them. The manpower for space quality work are trained from VSSC to meet the stringent quality standards for space applications. Packages manufactured and tested at ITI Palakkad are successfully flown to space in various launch vehicles (PSLV & GSLV) of ISRO including the recent GSLV Mark III mission which was a major milestone of ISRO. ITI Palakkad is the only approved work centre by VSSC for manufacturing of RMSA (Remote Mount Safe Arm), which is a package used to trigger the launch vehicles in to space. To meet the requirements of Mil and flight grade bare PCBs, the PCB plant is being upgraded with the state of the art machineries and the accreditation process is in progress. Manufacturing orders also increased with the enhancement of customer base with M/s BHEL, M/s CDOT, M/s CDAC and M/s BEL for contact manufacturing and M/s BEML for cable harnessing. Orders received against Defence and Contract manufacturing are worth Rs.2.5 Crores, which is much higher than previous years.

### **Future Outlook**

As part of the revival project, ITI Palakkad is in the process of getting VISA/Master Certification against which the necessary infrastructure setting for Smart card personalization, surveillance requirements as per the VISA/Master specifications etc. is in progress. Once certified, ITI will be the first PSU to venture in the EMV card personalization domain for supplying EMV chip cards for the banking requirements.



The unit has implemented in Phase I, new projects such as Component screening, Smart cards and MLLN. Against the second phase, the projects such as Smart Cards, Component screening, PCB plant upgradation, HDPE pipe, Smart Energy meter, Set top box, setting up of Repair centre, Handheld terminals, Mini PC etc are progressing to address the market requirement.

The installation & commissioning of machines for HDPE pipe is in the final stage of completion and commercial production is scheduled by November 2017.

ITI has entered into an MoU with M/s CDAC, Thiruvananthapuram for the Transfer of Technology (ToT) and manufacturing of Smart Energy Meter. ITI has signed an MoU for the ToT and manufacturing of Aadhaar Authentication Terminals. ITI has also developed Mini PC under the brand name "ITI Smaash" for which the marketing efforts are in progress.

## **E-governance Project Initiatives**

Against e-governance projects, ITI has submitted the proposal to Kerala State Government against the RFP for Fair Price Shop (ARD) automation under end-to-end computerization of Public Distribution System (PDS) and deployment of e-POS devices in Kerala. ITI has also submitted the techno-commercial proposal to Kerala State Road Transport Corporation (KSRTC) for Intelligent Transport Systems along with M/s CDIT, Thiruvananthapuram as the partner.

## **Additional Skill Acquisition Programme**

Kerala Government has selected Palakkad Unit as one of their Training Service Provider of ASAP Scheme (Additional Skill Acquisition Programme) and the Unit has conducted training for one Batch of 29 students for Pick and Place and two batches of around 30 students each for PCB Course. The Unit could generate a revenue of approximately Rs 9 lakhs against this.

## **QMS/ EMS**

The Palakkad Unit is certified with ISO 14001: 2015 for Environment Management System. The certification audit for Quality Management System and Environment Management System with ISO 9001: 2015 standard is completed.

## **NAINI PLANT**

The Plant has achieved a turnover of Rs. 8.25 Crores including ED & ST for the year 2016-17 against supply of Solar equipments for GPON order received from BBNL.

During 2016-17, ITI Naini, being the designated unit for Solar Panel and Transmission equipment, has geared up for addressing Solar Segment and implementation of Revival Plan Project.

## **Major Orders and Projects**

### **Solar Project**

Against the purchase orders received from BBNL and BSNL for GPON Projects, ITI Naini Plant is supplying Solar Power equipment. ONT (Broadband Access equipment), which is part of the GPON equipment will be installed in Gram Panchayats. The Solar Power equipment, which is being produced by ITI Naini will provide seamless power to the ONT.

ITI Naini has successfully received Type Approval Certification (TAC) for Solar Power Equipment from BSNL-QA, Bangalore. The Solar modules (60Wp) offered with the product has been successfully



tested by National Institute of Solar Energy (NISE), Gurugram and Conformity Test Lab, New Delhi as per BSNL QA test Plan.

Out of present BBNL order quantity of 20000 numbers. ITI Naini has dispatched 5012 numbers of Solar Power Equipment till March 2017.

ITI also Participated in Railtel tender for supply, services and AMC for SPV based solar systems required for GPON. ITI Naini expected to get order for SPV system for GPON.

ITI received order of Rs. 65 Lakhs from M/s L&T construction for Supply of System for project & Work order is awaited which will lead to total Purchase Order value of Rs 75 Lakhs for the project. This will open a new window for Grid Connected SPV System for high KW/MW capacity. Efforts are being made to get similar order from other PSUs for Grid connected Rooftop Solar Power plant.

### **Future Outlook**

ITI Naini has initiated various activities of development of solar application based products like Charge Controller, LED Street Lights and other LED based lighting products.

The Plant has geared up for addressing the opportunity in renewable energy sector and will supply Crystalline Solar Modules to various schemes of Ministry of New and Renewable Energy (MNRE). ITI Naini already has 5 MWp installed capacity of Solar Panel Manufacturing

ITI make modules (from 30 Wp to 300 Wp) have been qualified in stringent Test of IEC and has been certified for IEC 61215, 61730, 61701) by M/s UL India, Bangalore.

To meet future requirement, Naini has planned under Revival Plan Phase-II, to augment manufacturing capacity by adding 18 MWp Automatic Solar Panel Manufacturing Line. Procurement & installation of equipment for 18 MWp Manufacturing Line, is in progress. Civil, Plant & other related activities are in a dvanche stage of completion. Moreover, Tabber- Stringer machine has been incorporated in the existing 5 MWp line to enhance automation under Revival Plan Phase-I.

ITI is planning to participate in 1000 MWp tender for Grid connected Roof top Solar Power plant on Government buildings floated by Solar Energy Corporation of India (SECI), a PSU under Ministry of New and Renewable Energy (MNRE). ITI is expecting for 50 MWp capacity in the tender. A consortium agreement has been signed with M/s Cambridge Energy Resources, Gurugram, Haryana, for this project.

### **Gyansetu project**

ITI Naini has signed an agreement with Center for Development of Telematics (CDoT) & Center for Development of Advance Computing (CDAC) Bangalore for Transfer of Technology of GyanSetu Project, Hybrid Solar Charge Controller suitable for Telecom application and On grid Solar Power Conditioning Unit (PCU) of various rating for Solar Rooftop application. The Gyansetu project will extend the services of Digital India Program in rural areas through Common Service Centers (CSC). This project will provide real time information about the Government services to citizen, (PAN Card, AADHAR, Election Card, Passport) Education, Health, Mandi rates, weather forecast, Agriculture information, Land records (Khasra/Khatauni) etc.

### **Carrier Ethernet**

Naini unit is also exploring to address Carrier Ethernet Segment which is used for Metro/Aggregation Network, as a Revival Plan Project.

## Data Center

Purchase order has been placed for design and implementation of Data Center. Building has also been identified for Data Center (Disaster Recovery Site)

## Quality

For Solar Manufacturing, 18001 certification for Occupational Health and Safety Services (OHSAS) and 50001 certification for energy systems are mandatory. ITI Naini has acquired 18001 certification from SOCOTEC in March 2017 and is valid up to March 2020.

## Skill Development Training

15 days Skill Development Training Program of Solar Module Assembly Technician conducted for 4 batches and 90 trainees were trained & revenue of approximately Rs. 2.06 Lakhs generated and an amount of Rs.1.0 Lakh spent for conducting on-line exam for trainees through TSSC. Six months specialized industrial training conducted for 80 trainees.

4 to 6 weeks Vocational/summer training was conducted for 340 Degree/Diploma/MBA students and revenue of Rs.6.64 Lakhs generated. Five In-house training programs and 2 External training program organized for total 52 training man-days with in the training budget of Rs.0.35 Lakh (For In-House and External)

## Energy Conservation

During the year 2016-17, 12031 KVAH saving in consumption was achieved as an Energy Conservation Measure.

## SRINAGAR PLANT

The Plant is gearing up for Skill Development activities for the benefit of local youth, State Government employees and other sections of the Society. Some areas of the Plant is renovated to set up Skill Development Centre.

## NETWORK SYSTEMS UNIT (NSU)

This non-production Unit with core strength in Turnkey Projects execution and Annual Maintenance works has a track record of steady growth and continuous profitability.

In the Financial year 2016-17, NSU has given better performance by achieving a turnover of Rs.138.01 Crores and registering a profit of Rs.28.50 Crores Revenue from AMC for ASCON continues to be the major contributor while OCB 283 AMC for BSNL and MTNL contributed Rs. 31.37 Crores For the current fiscal, OCB 283 AMC for BSNL and MTNL have been renewed and are together valued at Rs.26.74 Crores Hence focus is now on generating maximum turnover under AMC for ASCON which is valid till the end of 2019. NSU is also geared up to involve itself in a big way for Installation and Commissioning of GPON equipments. The Unit has initiated steps to migrate from ISO 9001-2008 to ISO 9001-2015 Certification Standards.

## HIGHLIGHTS OF REGIONAL OFFICES (ROs)

Performance of Regional Offices for the Financial Year 2016-17 is Rs.190 Crores (with Service Tax) which is about 31% higher than the last fiscal with a profit of Rs.2.77 Crores Sundry Debtor realization during

2016-17 is Rs.120.56 Crores which is 34% higher than the last fiscal. Orders bagged in 2016-17 amounts to approximately Rs.216.13 Crores. As on 01.04.2017, Orders worth Rs.76.31 Crores are on hand.

### **New Projects taken up in 2016-17**

The following Projects were taken up by Regional offices during the year 2016-17.

1. Integrated University Management System (IUMS) for Universities of total approximately value Rs.18.29 Crores - RO Delhi.
2. CCTV Surveillance Systems for Ministry of Finance (North Block), Ministry of Agriculture (Krishi Bhawan) and HP Cooperative Bank of approximately total value Rs.17 Crores. - RO Delhi.
3. Wi Fi Zones establishment for Government Colleges in Punjab & Haryana Mandi Board of approximately value Rs.3.62 Crores.
4. Wi Fi Zones establishment at important tourist spots in the state of Uttarakhand for the Government of Uttarakhand of approximately value Rs.19 Crores. - RO Lucknow.
5. ICT Infrastructure creation and Implementation of Hospital Management Systems for AYUSH / AIIA of approximately total value of Rs.9 Crores. - RO Lucknow.
6. Audio Video Infra for Lucknow Development Authority (LDA) of approximately total value Rs.29.50 Crores - RO Lucknow.
7. CCTV Surveillance systems for Allahabad University campus & 49 Warehouses of CWC of approximately total value Rs.4.50 Crores - RO Lucknow.
8. Integrated University Management System (IUMS) for HNBG Central University of approximately value Rs.2 Crores - RO Lucknow.
9. Digital Emergency Announcement & Audio Video System for UP Special Task Force of approximately value Rs.2 Crores - RO Lucknow

### **Major orders successfully completed in 2016-17**

1. e Tendering business of value Rs.43 Crores - RO Delhi, Bangalore, Kolkata & Lucknow.
2. RO Hyderabad has successfully implemented the Network Management System (NMS) project for BSNL.
3. RO Lucknow has successfully established the Audio Video Infra for Lucknow Development Authority (LDA).
4. RO Delhi has completed Integrated University Management Systems (IUMS) orders of value Rs.12.0 Crores
5. RO Delhi has completed CCTV Surveillance orders of value Rs.16.0 Crores
6. RO Delhi has completed Wi Fi Zones establishment orders of value Rs.3.62 Crores

### **Future Prospects**

1. Ministry of Urban Development has assigned the task of implementation of an ICT based solution to capture real time feedback from community & public toilets in 12 States / Union Territories - IoT business.
  2. ERP / Integrated University Management Systems for universities in Bihar.
  3. GIS activities for UP Buildings & Other Construction Workers Welfare Board.
  4. e Classrooms for Medical Colleges under Ministry of Health.
  5. CCTV Surveillance system for District Courts in Bihar.
- Putting all out efforts to address & grab the business from segments like Smart City, IoT & e Market Place etc.

### **RATING IN MEMORANDUM OF UNDERSTANDING**

The Company's rating for the year 2015-16 is "Good" with a positive score of 60.72. The company has signed Memorandum of Understanding with the Administrative Ministry for sales turnover of Rs.2000 Crores (at Good level) for the year 2017-18.

## 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, BharatNet etc. As per Government of India initiative for "DIGITAL INDIA" programme, optical fibre network is to be established for high speed internet access across the country. 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 teleco service. In addition to the existing one manufacturing line for HDPE, two more lines have been commissioned at ITI Raebareli plant. An educational order for 100 KMs HDPE pipe to BSNL has successfully completed by Raebareli unit. The plant is now ready for bulk production. Considering the very huge market available for this product, ITI is in the process of establishing one more line at ITI's southern unit at Palakkad and will be commissioned shortly. Similar to HDPE pipes, as indicated above there is huge demand for optical fiber cables also. It is expected that the existing old copper cables used for India's Telecommunication network will be replaced with OFC in future. And also there will be huge demand of OFC for BharatNet phase III. Looking in to OFC demand expected in the country, Company is in the final stages of commissioning one line OFC manufacturing at Raebareli unit. Further optical fibre drawing and optical fibre cable manufacturing infrastructure is also being planned at Bangalore unit.

### • Encryption Products for Defence

The encryption products for Defence communication networks are being designed by our R&D and manufactured and supplied by ITI for long time. ITI has been the pioneer 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. ITI is expecting good business in this year in encryption portfolio.

### • G-PON Manufacturing

ITI had participated in GPON turnkey project tenders for BharatNet project and successful in getting orders from the BBNL and BSNL. Company got orders for about Rs.425 Crores for manufacturing and supply of 1500 OLT and 37300 ONTs. Further company is expecting one more GPON order from Railtel shortly. ITI is manufacturing these products at Raebareli and Mankapur plant from component level with C-DOT as the technology provider. The supply, installation and commissioning are in progress across India. In view of huge requirement of OFC deployment for Government of India BharatNet project phase II and III, there would be corresponding requirements of GPON solution also. The Company is geared up for manufacturing using our latest established infrastructure facilities..

### • 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**

Long life, low maintenance and high energy 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 also make inroads into other applications of Telecom industry like powering GSM towers. ITI has taken TOT for manufacture and supply of Li-Ion batteries with focus on meeting needs of Telecom applications like GSM BTS sites. 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 (ISRO) 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. Further the infrastructure upgradation is in final stages to cater for new components and also for meeting needs for component screening for defence.

- **Data Center and IT Business**

The 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. Looking into high demand for data Centre business and the expected growth in India, the Company is already in the process of building our own Data Centre under the revival plan. The Company is already providing IT solutions, like E-Banking, Aadhaar based authentication etc. on SaaS basis from the Data Center.

- **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 the technology partner.

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

ITI has been the leader in supplying MLLN equipment for BSNL and MTNL since 2002-03. The existing MLLN networks of these Telecom Service Providers have been set up and maintained by ITI till date. ITI is also getting good revenue for giving maintenance support to the existing networks. Company has bagged one more big order for MLLN turnkey project recently from BSNL. ITI hopes and gearing up to address the future MLLN requirements on IP based technology.

- **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 other PSUs/Contract Manufacturing**

Contract manufacturing for PSUs is an existing activity in ITI. ITI is ready 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.

## • IOT and Smart City

ITI has made foray in to Internet Of Things commonly called as “IOT” which is making big head way in common man’s day to day life across the world. The purpose of the Smart Cities Mission is to drive economic growth and improve the quality of life of people by enabling local area development and harnessing technology, especially technology that leads to Smart outcomes. Application of smart solutions will enable cities to use technology, information and data to improve infrastructure and services. ITI has entered in to teaming agreements with many start-ups who have developed “smart” solutions which are integral part of IOT sector. ITI is planning to offer solutions for smart education, smart health, smart environment, smart transport etc. As of now, 90 cities find a place in the Centre’s programme. ITI is planning to actively participate in smart city tenders to secure business in the days to come.

## CONTRIBUTION TO EXCHEQUER

During the year, your company has contributed Rs. 10497.99 Lakhs to the exchequer towards duties and taxes.

## PUBLIC DEPOSITS

Value of deposits held by the company is NIL. Deposits aggregating to Rs. 0.24 Crores 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 2016-17 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% of its share capital with M/s. Chris Tech Systems Pvt Limited holding 51% of its share capital. Consequent to the delay in final disposal of the case initiated by Karnataka Industrial Area Development Board (KIADB) which is pending before Hon’ble High Court of Karnataka, ISL could not proceed with its revival operations through land development.

There was no company which became or ceased to be a subsidiary, joint venture or associate of the Company during the year under review.

The salient features of the Joint Venture Company 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. 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-Bareli and Naini have been accredited with ISO 9001-2008, NSU 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.

Corporate Management has given approval to the units for upgradation to the new ISO Standards - QMS ISO 9001:2015 & EMS 14001:2015 as per the requirements.

There is a three-year transition period (Sept 2015 to Sept 2018) to upgrade to the new Standards. Suitable internal auditors training are being conducted by individual Units by utilising their Annual Training Budget allocated for 2016-17.

## **MANPOWER**

Employee strength at the end of the year 31st March, 2017 was 4052 out of which 431 were female employees. As on 31.03.2017, there were 670 employees belonging to Scheduled Castes and 47 belonging to Scheduled Tribes.

56 Officers on Tenure basis 20 Contract Engineers, 13 Contract Technicians and 10 Contract Operators were recruited during the year 2016-2017.

Employees belonging to Physically Challenged Persons numbering 55 and Ex-servicemen category numbering 12 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, the 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 are received during the year 2016-2017 is NIL.

## **HUMAN RESOURCE DEVELOPMENT**

The world of today, as we know has gone through many revolutionary changes that brought people even more closer than they were in the past. The world that we live and breathe in today, while benefiting ourselves with the endless possibilities that technology has introduced to us, it brought forth a gift unparalleled to any other luxury. This rapidly growing telecom market brings on more challenges. The lack of qualified human resource in both technical and managerial competencies in telecommunication sector make the Government confront with immense constraints in its development project expansion. The Government of India hence attempts to improve the skill sets in the telecommunication industry. The training and development are the



key instruments to build the HR skills and capacity of ITI Limited. The sufficient investment on human capital Training & development will produce moderate and positive impacts on employee productivity improvement and also organizational performance as a whole. The Learning and Development had strong relationship to the company's performance and improvement. The correlation of the training capacity and imparting telecom skills development training is immense. The training activity in the company is a planned process, oriented towards employee productivity development and to enable its employees to remain updated of knowledge and skills surmounting the technological obsolescence and competitive edge in our services. The training is allied with the financial condition of the Company.

Bearing in mind the Company MoU target on HRM-Training for the financial year 2016-17, the HRD initiatives were more oriented towards imparting training to Executives/Non-Executives for knowledge/skill development in Telecom & IT. Training programmes and workshops were organized in IoT, Broadband, OFC, Mobile, NGN, Cyber Security, Communication Technologies, ERP, Cashless transactions, GST, MDP etc., 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 in Health, Environment, Energy Management and Official Language.

ITI Limited takes up Government of India initiatives like 'Skill India', 'Digital India' etc., to fully comply with the directives of the Government of India and in HRD sphere to accelerate skill development training and its implementation. The company has entered into MoUs with NSDC-Telecom Sector Skill Council (TSSC) and Electronics Sector Skill Council of India (ESSCI) for implementation of skill development activities and has taken initiatives. The Company is a NSDC affiliated training provider, to ensure delivery of NOS aligned curriculum. TSSC/ESSCI has accredited for imparting skill development in their QPS/Job Rolls for the students across India, utilizing the infrastructure facilities in the HRD/SD centres of ITI Units. These short-courses are devised to enable students trainees to take up employment immediately enhance the employability, in association with Government authorities and Skill Sector Councils and other Training Partners in all ITI Units. Training of Trainers (ToT) programmes in Optical Fiber Splicer and Optical Fiber Technician have been organized at Bangalore for trainers of Bangalore Plant and Srinagar Plant separately. Trainers have been prepared to start the skill development trained/being trained in various job rolls like Base Station Service Engineer (BSS Engineer), OFS, PCB Fabricator, Circuit Image Operator (PCB), Pick & Place Operator, Solar Module Assembly Technician, Field Trial Computer Peripheral (FTCP) etc.

During the financial year, ITI imparted skill development training to 2480 trainees, out of which 173 in TSSC/ESSCI qualifications packs/job role and 2307 have been trained in ITI modules.

In respect of HRM performance indicators, 59 training programmes have been organized in house/sponsored outside. The company totally trained 1644 Executives / Non-Executives achieving total 2068 mandays. 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.

Training, becoming a vital part to help groom the telecom sector of today, ITI Limited has started to take up the stance in emphasizing the need for telecom training and executive coaching to help their employees train better for the present as well as future challenges. Existing in today's ever growing market, the company has to come up with many different things to stay in the competition. Now this involved the managerial level serving their companies to get a better understanding at what they are about the uprising challenges in the telecom industry by imparting telecom training coupled with executive or managerial development in collaboration with Premiere Institutes like IITs, IIMs etc. Training has its importance for the managerial staff as well since they are the ones that are responsible for getting the work done through their team. Executives / Managerial training brings a better understanding to them about what they need

to prepare themselves with while performing better at their job. Leadership development is also taught to people under the training programme so that those with the spark to become a better leader of tomorrow can get a good insight at what they need to gear themselves up with.

## **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 Committee (OLIC) constituted in every Unit / Office.

The Progress of Implementation of Official Language in our Corporate Office as well as in Units / Offices is also being periodically reviewed by the OLIC 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, the Company’s 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 11.07.2016 and 10.08.2016. 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 03 Officers / Non-Officers have got the prizes. Valedictory function was held on 28.12.2016 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 2016-17. Bilingual (i.e. English and Hindi) website of company is being regularly updated.

## **VIGILANCE**

During the year 2016-17, 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, Corporate vigilance advised periodically to the Management for improvement regarding publishing of NITs and ‘Contracts concluded’ in the company website, implementation of Rotational Transfers of Executives in Sensitive Areas, implementation of Integrity Pact, periodical review for ensuring probity and 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 31st October, 2016 to 5th November, 2016 in all manufacturing units, business establishments and corporate office. Seminars were organized at Kendriya Vidyalaya, Rae Bareli and at St. Peter School, Rae Bareli to create awareness on corruption and on the role of preventive vigilance to combat corruption. In this occasion, a booklet was released by CVO-ITI

on Awareness on Works, Goods and Services. This booklet elaborately covers necessary guidelines to be considered for procurement and different check points to be considered during the different phases of purchase procedures, tender process, award of contracts, payment of contractors, back to back procedure etc. It also refers to the list of relevant circulars/orders issued by CVC/DoPT/Ministry.

The Vigilance department is putting emphasis on preventive vigilance like implementation of Integrity Pact, E-procurement, conducting CTE type examination, publishing of tenders and POs in website, surprise checks in sensitive departments and checking of Annual Property Return etc.

## RIGHT TO INFORMATION

During the year 2016-17, out of 393 RTI requests, information was provided against 376, 1 request 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 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, Chennai, were appointed by Comptroller and Auditor General of India as Statutory Auditors for the year 2016-17.

### • BRANCH AUDITORS

The following firms of chartered Accountants were appointed as Branch Auditors for different plants of the Company for the year 2016-17

| S.No. | 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 Ram Bhuvanesh & Co, Faizabad,       |
| 5     | Palakkad   | Mahadevan & Sivarajan, Palakkad         |
| 6     | Srinagar   | S D M & Co, Srinagar                    |

### • COST AUDITORS

M/s GNV Associates, Cost Accountants, Bengaluru was appointed as Cost Auditors for the year 2016-17- 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 AUDITOR

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 2016-17 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 Townships of Manufacturing Units for the benefit of employees and the local community.

### **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As on 22nd August 2017, the Board of ITI, comprises of Seven Directors of whom three are Whole Time Directors, two Non Official Part Time Directors (Independent Directors) and two Official Part Time Directors (Nominees of Government of India).

Ministry of Communications & IT has been requested to appoint requisite number of independent Directors to comply with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations,

#### **Appointment of Independent Directors**

During the year, the Government of India, vide letter No. FNo.5-3/2016-PSA dated 30.01.2017, appointed Smt Asha Kumari Jaswal as Independent Director on the Board of the Company. Her appointment has taken effect from 06.04.2017.

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**

Shri R M Agarwal, DDG(SU), Department of Telecommunications, Ministry of Communications & IT was appointed as Government Nominee Director vide MoC & IT letter No. FNo.5-1/2016-PSA dated 08.06.2016 in the place of Shri Srikanta Panda.

Lt General A R Prasad, VSM, ADC, Signal Officer in Chief and Senior Colonel Commandant, Ministry of Defence was appointed as Government Nominee Director vide MoC & IT letter no. FNo.5-1/2016-PSA dated 07.11.2016 in the place of Lt General Nitin Kohli.

#### **Changes in Functional Directors**

Shri P K Gupta, then Director Marketing was granted additional charge as Chairman and Managing Director in the place of Shri K K Gupta w.e.f 01.11.2015. Shri P K Gupta relinquished the position as a Director on 31.12.2016 on attaining the age of superannuation.

Shri S.Gopu, Director-HR was granted additional charge of Chairman and Managing Director w.e.f. 01.01.2017.

Shri K Alagesan, Director- Production was granted additional charge of Director Marketing w.e.f. 01.01.2017.

Dr Janaki Anathakrishnan, Director Finance continues as Chief Financial Officer. Mrs S Shanmuga

Priya continues as Company Secretary of the Company. 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.

Shri K Alagesan and Dr Janaki Ananthakrishnan, Directors retires by rotation at the forthcoming Annual General Meeting and being eligible offers themselves 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, 5 meetings of the Board were held on 26.05.2016, 30.05.2016\*, 27.06.2016, 11.08.2016, 10.11.2016, 09.02.2017. \* The meeting held on 26.05.2016 was adjourned to 30.05.2016

## **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.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_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 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) 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 2017 and of the profit of the company at that date;
- (c) 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) the annual financial statements have been prepared on a going concern basis; and
- (e) 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 Rs. -6.43 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.

## ACKNOWLEDGEMENT

“Your Directors place on record their deep appreciation and gratitude for the valuable support received from all the customers and look forward to their continued support and co-operation in future. The Directors also acknowledge and thank all collaborators, vendors and other service providers for their valuable assistance and cooperation extended to the Company.

The Board of Directors are highly grateful for the assistance and continued support extended by the Ministry of Communications & IT and various other agencies in Central and State Governments.

The Board of Directors acknowledge the constructive suggestions received from the Comptroller and Auditor General of India, the Statutory Auditors, Branch Auditors, Cost Auditors and Secretarial Auditor and are highly grateful for their continued support and cooperation.

Your Directors also take this opportunity to place on record their appreciation for the dedicated work put forth by the employees at all levels”

For and on behalf of the  
Board of Directors

Place: Bangalore  
Date: 22.08.2017

**(S. Gopu)**  
Director HR /  
Addl Charge Chairman and Managing Director

**ADDENDUM TO THE BOARD OF DIRECTOR'S REPORT  
COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATION IN  
THEIR REPORT**

| Point No.                              | Statutory Auditor's Observations   | Company's Remarks  |
|--|--|--|
| Qualifications 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, 2017 were Rs. 17708.46 lakhs against which provision of Rs. 3479.82 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, 2017 were Rs. 227913.64 lakhs against which a sum of Rs. 4651.61 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 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 31.03.2016 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 Rs.40.55 lakhs has been shown at cost.   |
| 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, further based on the information furnished to us, BMTC additionally occupies 1.85 acres), has not been recognised as income. A sum of Rs 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 (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)   | Efforts are being made by the company regarding the settlement of KPTC 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.  | The Company has done physical verification of fixed assets and is of the opinion that there is no indication of impairment.   |
| 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. The company is not in a position to conduct physical verification of fixed assets in a few units due to shortage of man power. |
| j) | Refer Note No 3 on inventories under 'Significant Accounting Policies'. Raw materials, components and stores purchased for manufacturing/production activities are valued at lower of cost and net realisable value, after providing for obsolescence, if any. Cost is calculated on weighted average rate as at the end of the year. Total value of inventories at Naini Unit as at March 31, 2017 is Rs. 1258.12 lakhs. Statutory Auditors of the said unit have qualified their report stating that they were unable to comment whether inventories were valued as per the principles laid out in Accounting Standard 2 on "Valuation of Inventories" read with the Company's Accounting Policy as detailed workings were not made available to them for verification. | The inventories are valued as per the above referred Standard and Accounting Policy adopted by the Company.   |

|                                    |  |   |
|------------------------------------|--|---|
| k)                                 | The Statutory Auditors of the Mankapur Unit have qualified their report stating that sufficient and appropriate audit evidence were not provided with respect to opening and closing balances of bank accounts, trade receivables, claims recoverable, loans and advances, inventories, materials with fabricators, sub-contractors/others, material in transit, deposits, loans and other payables/receivables. Auditors have further stated that opening balances may not be free from misstatement and may have impact on current year financial statements.  | Due to the retirement of experienced people in the plant and in finance department and newly recruited persons could not provide necessary evidence due to lack of time   |
| l)                                 | Age wise classification of Short term loans and Advances amounting to Rs.1277.10 lakhs , which are classified as 'Considered Good' is not available at the Naini unit so the Statutory Auditors of the said unit were unable to comment on the old outstanding of Such advances and their provisioning in the books of accounts by the unit.   | Could not be produced to the auditors at the time of audit by unit finance department.  |
| Qualifications quantifiable:<br>a) | <p>Non provision of Rs.8853.64 lakhs towards claims doubtful of recovery comprising of</p> <p>(i) rent receivable of Rs.5847.90 lakhs on a premises leased out up to 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 Rs.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 Rs.183.23 lakhs and Rs.82.90 lakhs respectively;</p> <p>(iv) Amount recoverable to an extent of Rs.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> | 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 Rs.5847.90 Lakhs at this juncture is not required till the issue is finally settled. As regards the LD of Rs.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 Rs.1956.33 Lakhs, the company is confident of recovering the same. |

**REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR IN HIS REPORT**

| Secretarial Auditors Observation   | Company's reply  |
|--|--|
| 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><br>On appointment of required number of Independent Directors on Board, the Committee would be reconstituted as per prescribed regulations.  |
| The company has not consolidated financial statements with its Joint Venture viz., India Satcom Limited. (for the year ended 31st March 2016) in terms of first Proviso to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014.  | The Annual Financial results of India Satcom Limited are not made available to the Company and hence consolidation could not be done.  |
| 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 LODR 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. 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

Place: Bangalore  
Date: 22.08.2017

**(S.Gopu)**  
Director HR /  
Addl Charge Chairman and Managing Director

## ANNEXURE TO THE BOARD OF DIRECTORS' 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**

| S.No | Name of Joint Ventures   | India Satcom Limited  |
|------|--|---|
| 1    | Latest audited Balance Sheet Date  | 31.03.2016  |
|      | Shares of Joint Ventures held by the company on the year end               |   |
| 2    | Number of Shares   | 16,21,800 equity shares of Rs. 10 each                        |
| 3    | Amount of Investment in Associates/Joint Venture                           | Rs. 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% paid up 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 undertaken 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.

11. Training Programmes /competitions among employees to create awareness on energy conservation.
12. Usage of CFL / LED Bulbs in factory and township street lighting.
13. Replacement with LED tube lights in place of conventional FTLs in factory area
14. 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) 2016-17**

#### **(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, Telephones and IOT products
- c) Development of Encryption Algorithms
- d) Support for legacy secrecy products supplied and networks executed to Defence
- e) Value addition of the existing products.
- f) Provide Network and Security Solution designs.

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

- a) The following R&D Products were productionised, which contributed for more than Rs.69 Crores (Rupees Sixty Nine Crores) turnover to the Company.
  - 1) PRIMARY MUX and Spares
  - 2) Terminal End Secrecy Device (TESD)
  - 3) SCADA
  - 4) FIELD TELEPHONES (Teleset 5 C )/ Nutan
  - 5) Executive Telephone System ( ETS -04)
  - 6) 2MBps BEU
- b) 1 G Encryptor development completed and the product is in production line.
- c) 10 G Encryptor for MCEU (Multi Capacity Encryption Unit) is completed and BSNL / NFS evaluation successfully conducted. Now the Product is ready for marketing.
- d) STM-16/64 Encryptor for MCEU, development completed and successfully conducted the BSNL / NFS Evaluation. Now the product is ready for marketing.

#### **(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) OTU -1 & OTU-2 Encryptors–Development is in final stage.

### b) Upgradation of R&D infrastructure as part of ITI's Revival Plan

Procurement of Instruments and Software tools are completed. Infrastructure renovation is in progress

### c) Future Projects to be considered for Development

- a) Encryption for Mobile Handset
- b) Electronic Voting Machine and VVPAT
- c) Software Defined Radio (SDR)
- d) IRNSS – Indian Regional Navigational Satellite System- Receiver
- e) IOT products

## (v) R&D Expenditure

|              |                        |
|--------------|------------------------|
| a) Capital   | Rs.16.95 Crores        |
| b) Revenue   | Rs.16.30 Crores        |
| <b>TOTAL</b> | <b>Rs.33.25 Crores</b> |

Total R&D Expenditure as a percentage of total turnover (Excluding Excise Duty and Services Tax) : 2.18%

## 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    | : Rs.3745.30 Lakhs |

For and on behalf of the  
Board of Directors

Date: 22.08.2017  
Place: Bangalore

**(S.Gopu)**  
Director HR /  
Addl Charge Chairman and Managing Director

## ANNEXURE TO THE DIRECTOR'S REPORT

### REPORT ON CORPORATE GOVERNANCE

#### 1. OUR CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is about maximising shareholder value legally, ethically and sustainably. 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. We believe sound corporate governance is critical in enhancing and retaining investor trust.

#### 2. BOARD OF DIRECTORS

The Board of Directors has a combination of Executive (Functional) and Non- Executive Directors. As on 31st March 2017, the Board of Directors comprised of 3 Functional Directors, 2 Part time Official Government Nominee Directors and 1 Part time Non-Official Independent Director. 1 part time Non Official Independent Director was appointed on Board and her appointment has taken effect from 06.04.2017

Director HR is entrusted with the additional charge as Chairman and Managing Director and Director Production is entrusted with the additional charge as Director Marketing.

ITI has been taking up with Ministry of Communications & IT, Government of India for appointing requisite number of Independent Directors on the Board of ITI. During the year 2016-17, the Composition of the Board of Directors of ITI did not comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, 5 Board Meetings were held on 26.05.2016, 30.05.2016\*, 27.06.2016, 11.08.2016, 10.11.2016, 09.02.2017.

\* The board meeting held on 26.05.2016 was adjourned to 30.05.2016

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 (Director Identification Number) | 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 PK.Gupta <sup>1</sup><br>(DIN: 06896959)          | Director Marketing /<br>Addl. Charge CMD<br>(upto 31.12.2016) | 4   | 4                             | Yes                    | 1                            | --   |
| Shri S. Gopu <sup>2</sup><br>(DIN: 06896926)           | Director HR /<br>Addl. Charge CMD                             | 5   | 4                             | Yes                    | 1                            | --   |
| Dr Janaki Ananthakrishnan<br>(DIN: 07247256)           | Director Finance  | 5   | 5                             | Yes                    | --                           | 2  |



|  |  |   |    |     |    |    |
|--|--|---|----|-----|----|----|
| Shri K Alagesan <sup>3</sup><br>(DIN: 07439659)  | Director Production /<br>Addl. Charge Director<br>Marketing          | 5 | 5  | Yes | 1  | -- |
| Shri Srikanta Panda<br>(DIN: 06992506)           | Government Nominee<br>Director<br>(from 29.07.2015 to<br>08.06.2016) | 1 | 1  | N.A | -- | -- |
| Shri<br>R M Agrawal<br>(DIN : 07333145)          | Government Nominee<br>Director<br>(from 08.06.2016)                  | 4 | 3  | Yes | -- | 2  |
| Lt.Gen.Nitin Kohli<br>(DIN: 06785394)            | Government Nominee<br>Director<br>(upto 07.11.2016)                  | 3 | -- | No  | 1  | -- |
| Lt Gen A R Prasad<br>(DIN : 07699668)            | Government Nominee<br>Director<br>(from 07.11.2016)                  | 2 | 2  | N.A | 1  | -- |
| Shri Saday Krishna<br>Kanoria<br>(DIN: 00623266) | Independent Director   | 5 | 5  | Yes | 1  | 2  |

<sup>1</sup> Shri P. K. Gupta, Director Marketing was granted Additional charge as Chairman and Managing Director w.e.f 01.11.2015 and relinquished his position as Director on 31.12.2016 on attaining age of superannuation.

<sup>2</sup> Shri S. Gopu, Director HR was granted additional charge as Chairman and Managing Director from 01.01.2017

<sup>3</sup> Shri K. Alagesan, Director Production was granted additional charge as Director Marketing from 01.01.2017

Note:

- Details of other directorship and committee membership are reckoned as on 31-03-2017.
- 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 31-03-2017.
- Directors do not have any peculiar relationships or transactions with the Company.

### 3. AUDIT COMMITTEE

The Audit Committee consisted of Shri Saday Krishna Kanoria, Independent Director as Chairman, Shri Srikanta Panda and Dr Janaki Ananthakrishnan as Members. Subsequent to the induction of Shri R M Agarwal in the place of Shri Srikanta Panda, the Audit Committee was reconstituted with Shri Saday Krishna Kanoria, Independent Director as Chairman, Shri R M Agarwal and Dr Janaki Ananthakrishnan as members on 27.06.2016.

The Company Secretary is the Secretary to the Audit Committee.

The composition of Audit Committee was not in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 but however after the reconstitution of the Committee, w.e.f. 13.05.2017, the composition of the Committee is in compliance of aforesaid regulation.

Shri Saday Krishna Kanoria Independent Director, Chairman of Audit Committee attended the Annual General Meeting on 21.09.2016.

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 31.03.2017 the Audit Committee met 5 times on 26.05.2016, 30.05.2016\*, 11.08.2016, 10.11.2016, 09.02.2017, 30.03.2017. \* The Audit Committee meeting held on 26.05.2016 was adjourned to 30.05.2016.

The details of attendance of members for the Audit Committee meetings held during the year 2016-17 are as under:

| Name   | Meeting held during respective tenure of Director | No. of meetings attended |
|--|---|--------------------------|
| Shri Saday Krishna Kanoria (from 10.02.2016) | 5   | 5                        |
| Sri Srikanta Panda (from 10.02.2016)         | 1   | 1                        |
| Dr.Janaki Ananthakrishnan (from 10.02.2016)  | 5   | 5                        |
| Shri R M Agarwal (from 27.06.2016)           | 3   | 2                        |

#### 4. NOMINATION AND REMUNERATION COMMITTEE

ITI, being a Public Sector Undertaking, the appointment, tenure and remuneration of directors are decided by the Government of India.

The Nomination and Remuneration Committee consisted of Shri Saday Krishna Kanoria as Chairman, Shri Srikanta Panda and Lt. Gen. Nitin Kohli as Members. Subsequent to the appointment of Shri R M Agarwal in the place of Shri Srikanta Panda, the Committee was reconstituted with Shri Saday Krishna Kanoria as Chairman, Shri R M Agrawal and Lt.Gen. Nitin Kohli as Members on 27.06.2016. Subsequent to the appointment of Lt Gen A R Prasad in the place of Lt Gen Nitin Kohli, the Committee was reconstituted with Shri Saday Krishna Kanoria as Chairman Shri R M Agrawal and Lt Gen A R Prasad as Members on 09.02.2017.

As on 31.03.2017, 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. However after the appointment of Smt Asha Kumari Jaswal, the committee now consists of Shri Saday Krishna Kanoria as Chairman, Shri R M Agarwal, Lt Gen A R Prasad and Smt Asha Kumari Jaswal as Members and the constitution is in compliance with the aforesaid regulations.

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.

## 5. REMUNERATION OF DIRECTORS

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

The remuneration paid to Whole-time Directors for the financial year 2016-17 are as follows:

(in Rs )

| Staff No. | Name of the Director       | Salary  | P.F. Contribution | Total   | Perquisites |
|-----------|----------------------------|---------|-------------------|---------|-------------|
| 20036     | Shri P. K. Gupta           | 1549901 | 111561            | 1661462 | 138507      |
| 20030     | Shri S. Gopu               | 1191471 | 142545            | 1334016 | 176919      |
| 20050     | Dr. Janaki Ananthakrishnan | 2648087 | 0                 | 2648087 | 324567      |
| 00971F    | Shri K. Alagesan           | 1234987 | 136563            | 1371550 | 169446      |

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 Rs.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 Saday Krishna Kanoria | 18000         | 18000              |

## 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 pertaining to transfer, transmission of shares, non receipt of annual reports, issue of duplicate share certificates and miscellaneous issues. The Committee oversees and reviews the performance of Registrar and Share Transfer Agent and action taken by the Company.

The Committee consisted of Shri Srikanta Panda and Director Finance as its members. Subsequently, with the induction of Shri R M Agrawal in the place of Shri Srikanta Panda, the Committee was reconstituted with Shri Saday Krishna Kanoria as its Chairman, Shri R M Agrawal and DF as its members from 27.06.2016. The Company Secretary is the Compliance Officer.

The Company addresses all complaints, suggestions and grievances of the investors expeditiously.

Transfer requests are attended promptly and as on 31.03.2017 there were no pending share transfers. As per information received from our Registrar and Share Transfer Agent there were 2 complaints received during the year under the review and the same were resolved.

## **7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As per the guidelines issued by the Department of Public Enterprises on implementation of CSR activities by Public Sector Undertakings and 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. The terms of reference of the Committee is to examine the proposals for the CSR plan and review the implementation / execution of the plan. The CSR policy is under process of finalization.

## **8. INDEPENDENT DIRECTORS' MEETING**

The Company had only one independent Director for the year under review and hence the independent Directors meeting could not be held.

## **9. TRAINING OF BOARD MEMBERS**

At the time of induction of a new Director, a welcome letter is addressed to him along with the compliances required from him under the Companies Act, 2013, SEBI (LODR) Regulation 2015 and other applicable regulations. Relevant Disclosures are taken from the Director and the management of the Company familiarises the new Director about the Company, its operations, various policies and processes of the Company, various divisions of the Company and their roles and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practises and orientation programmes etc. conducted by various Institutes of repute. Details of training imparted to Directors during 2016-17 are uploaded in the website of the Company [http://www.itilttd-india.com/investor\\_information](http://www.itilttd-india.com/investor_information)

## **10. CODE OF CONDUCT**

The Board of Directors of the Company has laid down a Code of Conduct for all Board members, Key Managerial Persons and senior management of the Company as per SEBI (LODR) Regulations 2015 and DPE Guidelines. A copy of the Code has been placed on the Company's website [www.itilttd-india.com](http://www.itilttd-india.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct as on 31.03.2017. 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 accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has put in place a "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. The Code of Conduct and Fair Disclosure Procedure has been posted in the Company's website [www.itilttd-india.com](http://www.itilttd-india.com)

## 12. WHISTLE BLOWER POLICY

ITI has “Whistle Blower Policy” for reporting to management any instances of unethical behaviors, actual or suspected fraud or violation of the Company’s code of conduct. ITI has provided opportunities to encourage employees to become whistle blowers, to report to competent authorities, details of any violation of rules, regulations and unethical conduct. The Directors and Senior Management are bound to maintain confidentiality of such reporting and ensure that the whistle blowers are afforded protection against harassment and not subjected to any discriminatory practices. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

## 13. DISCLOSURES

- 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. No materially significant related party transactions are entered into that may have potential conflict with the interests of Company at large. The policy on Related Party Transactions is available at <http://www.itilttd-india.com/Financialinformation/RelatedPartyTransactionPolicy>
- There were no cases of non compliance by the Company and 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.
- 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 behavior, 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.

## 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                             |
|------------|------------|------------|-----------------------------------|
| 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 |
| 2015-2016  | 21.09.2016 | 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 through Postal Ballot system will be obtained as per procedures laid down in the Act.

## 15. MEANS OF COMMUNICATION

The quarterly and annual financial results of the Company are sent to the Stock Exchanges pursuant to the requirements under SEBI (LODR) Regulations, 2015 immediately after the Board has taken them on record. The quarterly financial results are generally published in Business Standard/ Financial Express (in English), Sanjevani (in Kannada) and Dakshin Bharat Rashtramath (in Hindi). The financial results are also made available in the Company's website- [http://www.itild-india.com/investor\\_information](http://www.itild-india.com/investor_information). The Company has been filing all Corporate Announcements, quarterly results, shareholding pattern, other information with the Stock Exchanges in terms of the SEBI (LODR) Regulation 2015. Press releases are also being sent to the Stock Exchanges and posted on the Company's website. No presentation has been made to institutional investors or analysts.

## 16. GENERAL SHAREHOLDERS INFORMATION

The 67<sup>th</sup> Annual General Meeting of the members of the company is scheduled to be held on Wednesday, the 27<sup>th</sup> September 2017 at 11.30 A.M. at Bangalore Tamil Sangam, Bangalore - 560 042.

### Financial Calendar

|   |  |
|---|--|
| Results for the quarter ending 30 <sup>th</sup> June, 30 <sup>th</sup> September, 31 <sup>st</sup> 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 2017-18 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        |

**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 (Rs. Per Share) |       | NSE (Rs. Per Share) |       |
|----------------|---------------------|-------|---------------------|-------|
|                | High                | Low   | High                | Low   |
| April 2016     | 27.90               | 24.00 | 26.20               | 25.20 |
| May 2016       | 27.45               | 24.15 | 26.40               | 25.30 |
| June 2016      | 31.45               | 25.75 | 30.25               | 28.65 |
| July 2016      | 34.55               | 27.45 | 29.05               | 27.60 |
| August 2016    | 32.95               | 26.95 | 29.95               | 29.20 |
| September 2016 | 30.75               | 26.20 | 27.30               | 26.25 |

|               |       |       |       |       |
|---------------|-------|-------|-------|-------|
| October 2016  | 32.00 | 26.50 | 31.00 | 30.20 |
| November 2016 | 35.90 | 27.00 | 34.65 | 33.10 |
| December 2016 | 54.45 | 33.00 | 45.95 | 44.60 |
| January 2017  | 54.00 | 45.00 | 52.70 | 50.35 |
| February 2017 | 51.75 | 40.45 | 43.90 | 43.25 |
| March 2017    | 75.40 | 42.50 | 72.55 | 70.05 |

## Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 21.09.2017 to 27.09.2017 (both days inclusive)

## Registrar and Share Transfer Agent

M/s. Integrated Registry Management Services Private Limited, a SEBI registered Category I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. The RTA's address is given below to forward all share transfer/ transmission/ split/ consolidation/ issue of duplicate certificates/ change of address requests as well as all dematerialisation/ rematerialisation requests and related matters as well as all complaints :

Address : 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. With a view to expedite the process of transfer and transmission of shares in physical mode, the Board of Directors has authorised the Registrar and Share Transfer Agent to process the transfer and transmission. The details of transfers etc are sent to the compliance officer for ratification. A summary of transfer / transmission of securities so approved are placed at the Board meetings. 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 Rs. 10/- each | Amount Rs.           | Percentage    |
|----------------------------------|--------------------------------|----------------------|---------------|
| President of India ( GoI)        | 53,08,87,500                   | 530,88,75,000        | 94.80         |
| Governor of Karnataka (GoK)      | 3,12,500                       | 31,25,000            | 0.06          |
| Special National Investment Fund | 85,80,690                      | 8,58,06,900          | 1.53          |
| General Public                   | 202,19,310                     | 20,21,93,100         | 3.61          |
| <b>TOTAL</b>                     | <b>56,00,00,000</b>            | <b>560,00,00,000</b> | <b>100.00</b> |

**Distribution of Shareholding as on 31.03.2017**

| Sl.No | Description   | Holders      | % of Holders  | Holdings         | % of Holdings |
|-------|---------------|--------------|---------------|------------------|---------------|
| 1     | 1-500         | 29775        | 87.15         | 4509862          | 0.81          |
| 2     | 501-1000      | 2328         | 6.81          | 1995623          | 0.36          |
| 3     | 1001-2000     | 1056         | 3.09          | 1670307          | 0.30          |
| 4     | 2001-3000     | 296          | 0.87          | 775395           | 0.14          |
| 5     | 3001-4000     | 143          | 0.42          | 518888           | 0.09          |
| 6     | 4001-5000     | 169          | 0.49          | 811341           | 0.14          |
| 7     | 5001-10000    | 214          | 0.63          | 1600545          | 0.29          |
| 8     | 10001 & above | 184          | 0.54          | 548118039        | 97.88         |
|       | <b>TOTAL</b>  | <b>34165</b> | <b>100.00</b> | <b>560000000</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') 47,28,40,750 shares and Central Depository Services (India) Limited ('CDSL') 61,51,368 shares are dematerialized. The shares held by President of India are in dematerialized form and shares held by Governor of Karnataka are in physical form.

The Company has a shareholders base of 34165.

99.98% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL

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 Bareli 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, Doorvani Nagar, 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**

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. As required under the SEBI (LODR) Regulations 2015 with the Stock Exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached

### **DPE Grading**

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 88% for the year 2016-17.

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**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 / Government Company<br>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@itiltld.co.in<br>Website : www.itiltld-india.com  |
| 6 | Whether listed Company   | Yes   |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Integrated Registry Management Services Private Limited<br>30, Ramana Residency, 4th cross, Sampige Road,<br>Malleswaram, Bangalore – 560 003.<br>Ph: 080-23460815. Fax-080-23460819<br>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)

| Sl. 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. SHAREHOLDING PATTERN (Equity Sharecapital breakup as a percentage of total equity)

### (A) Category-wise share holding

| Category of Share holders  | No. of Shares held at the beginning of the period (As on 01.04.2016) |               |                  |                   | No. of Shares held at the end of the period (As on 31.03.2017) |               |                  |                   | % 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 Gov-<br>ernment.or State<br>Government.                   | 258887500  | 312500        | 259200000        | 90.00             | 530887500  | 312500        | 531200000        | 94.86             | 4.86                     |
| c) Bodies<br>Corporates  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| d) Bank/FI   | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| e) Any other   | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| <b>SUB TOTAL:<br/>(A) (1)</b>  | <b>258887500</b>   | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>530887500</b>   | <b>312500</b> | <b>531200000</b> | <b>94.86</b>      | <b>4.86</b>              |
| (2) Foreign  |  |               |                  |                   |  |               | -                | -                 | -                        |
| a) NRI-<br>Individuals   | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| b) Other<br>Individuals  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| c) Bodies Corp.  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| d) Banks/FI  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| e) Any other...  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| <b>SUB TOTAL<br/>(A) (2)</b>   |  |               |                  |                   |  |               |                  |                   |                          |
| <b>Total<br/>Shareholding of<br/>Promoter<br/>(A)= (A)(1)+(A) 2)</b> | <b>258887500</b>   | <b>312500</b> | <b>259200000</b> | <b>90.00</b>      | <b>530887500</b>   | <b>312500</b> | <b>531200000</b> | <b>94.86</b>      | <b>4.86</b>              |
| <b>B. Public<br/>Share Holding</b>                                   |  |               |                  |                   |  |               |                  |                   |                          |
| <b>(1) Institutions</b>  |  |               |                  |                   |  |               |                  |                   |                          |
| a) Mutual Funds  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| b) Banks/FI  | 54419  | 21700         | 76119            | 0.01              | 82692  | 21700         | 104392           | 0.02              | 0.01                     |
| c) Central<br>Government.  | 8580690  | -             | 8580690          | 2.98              | 8580690  | -             | 8580690          | 1.53              | -1.45                    |
| d) State<br>Government.  | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| e) Venture<br>Capital Fund   | -  | -             | -                | -                 | -  | -             | -                | -                 | -                        |
| f) Insurance<br>Companies  | 1142157  | 800           | 1142957          | 0.40              | 1142157  | 800           | 1142957          | 0.20              | -0.20                    |

|   |                  |                |                 |               |                  |                 |                  |               |              |
|---|------------------|----------------|-----------------|---------------|------------------|-----------------|------------------|---------------|--------------|
| g) FIIS   | 24600            | -              | 24600           | 0.01          | 264406           | -               | 264406           | 0.05          | 0.04         |
| h) Foreign Venture  | -                | -              | -               | -             | -                | -               | -                | -             | -            |
| i) Others (specify)   | -                | -              | -               | -             | -                | -               | -                | -             | -            |
| <b>SUB TOTAL (B) (1):</b>   | <b>9801866</b>   | <b>22500</b>   | <b>9824366</b>  | <b>3.41</b>   | <b>10069945</b>  | <b>22500</b>    | <b>10092445</b>  | <b>1.80</b>   | <b>-1.61</b> |
| <b>2) Non Institutions</b>  |                  |                |                 |               |                  |                 |                  |               |              |
| a) Bodies corporates  |                  |                |                 |               |                  |                 |                  |               |              |
| i) Indian   | 1552898          | 28000          | 1580898         | 0.55          | 2310938          | 28000           | 2338938          | 0.42          | -0.13        |
| ii) Overseas  | -                | -              | -               | -             | -                | -               | -                | -             | -            |
| b) Individuals  |                  |                |                 |               |                  |                 |                  |               |              |
| i) Individual shareholders holding nominal share capital upto Rs.1 Lakhs            | 12533505         | 637866         | 13171371        | 4.57          | 10131454         | 637866          | 10762136         | 1.92          | -2.65        |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 Lakhs | 3672489          | -              | 3672489         | 1.28          | 3347660          | -               | 3347660          | 0.60          | -0.68        |
| c) Others (specify)   |                  |                |                 |               |                  |                 |                  |               |              |
| NRI   | 177146           | 14200          | 191346          | 0.07          | 260978           | 14200           | 275178           | 0.05          | -0.02        |
| Clearing Member   | 285830           | -              | 285830          | 0.10          | 1937443          | -               | 1937443          | 0.35          | 0.25         |
| Trust   | -                | -              | -               | -             | 46200            | -               | 46200            | 0.01          | 0.01         |
| <b>SUB TOTAL (B)(2) :</b>   | <b>18295568</b>  | <b>680066</b>  | <b>18975634</b> | <b>6.59</b>   | <b>18034673</b>  | <b>672882</b>   | <b>18707555</b>  | <b>3.34</b>   | <b>-3.25</b> |
| <b>Total Public Shareholding (B)= (B) (1)+(B) (2)</b>                               | <b>28097434</b>  | <b>702566</b>  | <b>28800000</b> | <b>10.00</b>  | <b>28104618</b>  | <b>28800000</b> | <b>5.14</b>      | <b>-</b>      | <b>-4.86</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                              |                  |                |                 |               |                  |                 |                  |               |              |
| <b>Grand Total (A+B+C)</b>  | <b>286984934</b> | <b>1015066</b> | <b>28800000</b> | <b>100.00</b> | <b>558992118</b> | <b>1007882</b>  | <b>560000000</b> | <b>100.00</b> |              |

## B) Shareholding of Promoter

| Sl. 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                            | -  | 530887500                           | 94.80                            | -  | 4.91                                      |
| 2      | Governor of Karnataka | 312500                                    | 0.11                             | -  | 312500                              | 0.06                             | -  | -0.05                                     |
|        | <b>Total</b>          | <b>259200000</b>                          | <b>90.00</b>                     | <b>-</b>   | <b>531200000</b>                    | <b>94.86</b>                     | <b>-</b>   | <b>4.86</b>                               |

## C) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl.No | Name Of The Share Holder | Shareholding At The Beginning Of The Period - 01.04.2016 |                                  | Date       | Increase / Decrease in Share Holding | Reason                 | Cumulative Shareholding During The Period - 31.03.2017 | % of Total Shares of the Company |
|-------|--------------------------|--|----------------------------------|------------|--------------------------------------|------------------------|--|----------------------------------|
|       |                          | No. of Shares  | % of Total Shares of the Company |            |                                      |                        | No of Shares   |                                  |
| 1     | President of India       | 258887500  | 89.89                            | 01.04.2016 | -                                    | -                      | 258887500  | 53.93                            |
|       |                          |  |                                  | 11.08.2016 | 192000000                            | Preferential allotment | 450887500  | 93.93                            |
|       |                          |  |                                  | 09.02.2017 | 80000000                             | Preferential allotment | 530887500  | 94.80                            |
|       |                          |  |                                  | 31.03.2017 | -                                    | -                      | 530887500  | 94.80                            |
| 2     | Governor of Karnataka    | 312500   | 0.11                             | 31.03.2017 | -                                    | -                      | 312500   | 0.06                             |

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

| Sl No | NAME OF THE SHARE HOLDER            | SHAREHOLDING AT THE BEGINNING OF THE PERIOD - 01.04.2016 |                                  | DATE       | INCREASE/ DECREASE IN SHARE HOLDING | REASON   | CUMULATIVE SHAREHOLDING DURING THE PERIOD - 31.03.2017 |                                  |
|-------|-------------------------------------|--|----------------------------------|------------|-------------------------------------|----------|--|----------------------------------|
|       |                                     | 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                             | 01.04.2016 | NO MOVEMENT DURING THE YEAR         |          |  |                                  |
|       |                                     |  |                                  | 31.03.2017 | 0                                   |          | 8580690  | 1.53                             |
| 2.    | LIFE INSURANCE CORPORATION OF INDIA | 1142157  | 0.40                             | 01.04.2016 | NO MOVEMENT DURING THE YEAR         |          |  |                                  |
|       |                                     |  |                                  | 31.03.2017 | 0                                   |          | 1142157  | 0.20                             |
| 3.    | VANGAVETI SADASI PRASAD             | 522025   | 0.18                             | 01.04.2016 | 0                                   |          | 522025   | 0.18                             |
|       |                                     |  |                                  | 08.04.2016 | 12739                               | TRANSFER | 534764   | 0.19                             |
|       |                                     |  |                                  | 15.04.2016 | -5760                               | TRANSFER | 529004   | 0.18                             |
|       |                                     |  |                                  | 22.04.2016 | -1766                               | TRANSFER | 527238   | 0.18                             |
|       |                                     |  |                                  | 29.04.2016 | -28669                              | TRANSFER | 498569   | 0.17                             |
|       |                                     |  |                                  | 06.05.2016 | -11818                              | TRANSFER | 486751   | 0.17                             |
|       |                                     |  |                                  | 13.05.2016 | -33206                              | TRANSFER | 453545   | 0.16                             |
|       |                                     |  |                                  | 20.05.2016 | -8414                               | TRANSFER | 445131   | 0.15                             |
|       |                                     |  |                                  | 27.05.2016 | -31083                              | TRANSFER | 414048   | 0.14                             |
|       |                                     |  |                                  | 03.06.2016 | -30844                              | TRANSFER | 383204   | 0.13                             |
|       |                                     |  |                                  | 10.06.2016 | -67670                              | TRANSFER | 315534   | 0.11                             |
|       |                                     |  |                                  | 17.06.2016 | -4167                               | TRANSFER | 311367   | 0.11                             |
|       |                                     |  |                                  | 24.06.2016 | -52955                              | TRANSFER | 258412   | 0.09                             |
|       |                                     |  |                                  | 30.06.2016 | 1693                                | TRANSFER | 260105   | 0.09                             |
|       |                                     |  |                                  | 01.07.2016 | 837                                 | TRANSFER | 260942   | 0.09                             |
|       |                                     |  |                                  | 08.07.2016 | 4455                                | TRANSFER | 265397   | 0.09                             |
|       |                                     |  |                                  | 15.07.2016 | 3782                                | TRANSFER | 269179   | 0.09                             |
|       |                                     |  |                                  | 22.07.2016 | -47                                 | TRANSFER | 269132   | 0.09                             |
|       |                                     |  |                                  | 29.07.2016 | -24553                              | TRANSFER | 244579   | 0.08                             |
|       |                                     |  |                                  | 05.08.2016 | -4028                               | TRANSFER | 240551   | 0.08                             |
|       |                                     |  |                                  | 12.08.2016 | 2546                                | TRANSFER | 243097   | 0.05                             |
|       |                                     |  |                                  | 19.08.2016 | -64569                              | TRANSFER | 178528   | 0.04                             |
|       |                                     |  |                                  | 02.09.2016 | 77553                               | TRANSFER | 256081   | 0.05                             |

|   |                         |        |      |            |                             |          |        |      |
|---|-------------------------|--------|------|------------|-----------------------------|----------|--------|------|
|   |                         |        |      | 09.09.2016 | -1365                       | TRANSFER | 254716 | 0.05 |
|   |                         |        |      | 16.09.2016 | 981                         | TRANSFER | 255697 | 0.05 |
|   |                         |        |      | 23.09.2016 | 895                         | TRANSFER | 256592 | 0.05 |
|   |                         |        |      | 30.09.2016 | 42861                       | TRANSFER | 299453 | 0.06 |
|   |                         |        |      | 07.10.2016 | -223905                     | TRANSFER | 75548  | 0.02 |
|   |                         |        |      | 14.10.2016 | 3200                        | TRANSFER | 78748  | 0.02 |
|   |                         |        |      | 21.10.2016 | 103446                      | TRANSFER | 182194 | 0.04 |
|   |                         |        |      | 28.10.2016 | 107335                      | TRANSFER | 289529 | 0.06 |
|   |                         |        |      | 04.11.2016 | 8132                        | TRANSFER | 297661 | 0.06 |
|   |                         |        |      | 11.11.2016 | -3386                       | TRANSFER | 294275 | 0.06 |
|   |                         |        |      | 18.11.2016 | -63116                      | TRANSFER | 231159 | 0.05 |
|   |                         |        |      | 25.11.2016 | 61436                       | TRANSFER | 292595 | 0.06 |
|   |                         |        |      | 02.12.2016 | -29353                      | TRANSFER | 263242 | 0.05 |
|   |                         |        |      | 09.12.2016 | 9571                        | TRANSFER | 272813 | 0.06 |
|   |                         |        |      | 16.12.2016 | -9545                       | TRANSFER | 263268 | 0.05 |
|   |                         |        |      | 23.12.2016 | -28742                      | TRANSFER | 234526 | 0.05 |
|   |                         |        |      | 30.12.2016 | -70917                      | TRANSFER | 163609 | 0.03 |
|   |                         |        |      | 06.01.2017 | 6414                        | TRANSFER | 170023 | 0.04 |
|   |                         |        |      | 13.01.2017 | 6002                        | TRANSFER | 176025 | 0.04 |
|   |                         |        |      | 20.01.2017 | -4302                       | TRANSFER | 171723 | 0.04 |
|   |                         |        |      | 27.01.2017 | -3148                       | TRANSFER | 168575 | 0.04 |
|   |                         |        |      | 03.02.2017 | -1001                       | TRANSFER | 167574 | 0.03 |
|   |                         |        |      | 10.02.2017 | -2928                       | TRANSFER | 164646 | 0.03 |
|   |                         |        |      | 17.02.2017 | 102580                      | TRANSFER | 267226 | 0.05 |
|   |                         |        |      | 24.02.2017 | -161990                     | TRANSFER | 105236 | 0.02 |
|   |                         |        |      | 03.03.2017 | 103344                      | TRANSFER | 208580 | 0.04 |
|   |                         |        |      | 10.03.2017 | 105340                      | TRANSFER | 313920 | 0.06 |
|   |                         |        |      | 17.03.2017 | -81366                      | TRANSFER | 232554 | 0.04 |
|   |                         |        |      | 24.03.2017 | 59535                       | TRANSFER | 292089 | 0.05 |
|   |                         |        |      | 31.03.2017 | -1396                       | TRANSFER | 290693 | 0.05 |
| 4 | DILIPKUMAR LAKHI        | 338792 | 0.12 | 01.04.2016 | NO MOVEMENT DURING THE YEAR |          |        |      |
|   |                         |        |      | 31.03.2017 | 0                           |          | 338792 | 0.06 |
| 5 | AURANG ZEB              | 133040 | 0.05 | 01.04.2016 | NO MOVEMENT DURING THE YEAR |          |        |      |
|   |                         |        |      | 31.03.2017 | 0                           |          | 133040 | 0.02 |
| 6 | KARVY STOCK BROKING LTD | 142068 | 0.05 | 01.04.2016 | 4863                        | TRANSFER | 146931 | 0.05 |
|   |                         |        |      | 08.04.2016 | -21355                      | TRANSFER | 125576 | 0.04 |

|  |  |  |  |            |        |          |        |      |
|--|--|--|--|------------|--------|----------|--------|------|
|  |  |  |  | 15.04.2016 | 6484   | TRANSFER | 132060 | 0.05 |
|  |  |  |  | 22.04.2016 | -1799  | TRANSFER | 130261 | 0.05 |
|  |  |  |  | 29.04.2016 | -4975  | TRANSFER | 125286 | 0.04 |
|  |  |  |  | 06.05.2016 | 7048   | TRANSFER | 132334 | 0.05 |
|  |  |  |  | 13.05.2016 | -6651  | TRANSFER | 125683 | 0.04 |
|  |  |  |  | 20.05.2016 | -12604 | TRANSFER | 113079 | 0.04 |
|  |  |  |  | 27.05.2016 | -1562  | TRANSFER | 111517 | 0.04 |
|  |  |  |  | 03.06.2016 | -15182 | TRANSFER | 96335  | 0.03 |
|  |  |  |  | 10.06.2016 | 8980   | TRANSFER | 105315 | 0.04 |
|  |  |  |  | 17.06.2016 | 3695   | TRANSFER | 109010 | 0.04 |
|  |  |  |  | 24.06.2016 | -9075  | TRANSFER | 99935  | 0.03 |
|  |  |  |  | 30.06.2016 | 4025   | TRANSFER | 103960 | 0.04 |
|  |  |  |  | 01.07.2016 | -1530  | TRANSFER | 102430 | 0.04 |
|  |  |  |  | 08.07.2016 | 7490   | TRANSFER | 109920 | 0.04 |
|  |  |  |  | 15.07.2016 | 3169   | TRANSFER | 113089 | 0.04 |
|  |  |  |  | 22.07.2016 | 31383  | TRANSFER | 144472 | 0.05 |
|  |  |  |  | 29.07.2016 | -24248 | TRANSFER | 120224 | 0.04 |
|  |  |  |  | 05.08.2016 | 5376   | TRANSFER | 125600 | 0.04 |
|  |  |  |  | 12.08.2016 | 4759   | TRANSFER | 130359 | 0.03 |
|  |  |  |  | 19.08.2016 | -8216  | TRANSFER | 122143 | 0.03 |
|  |  |  |  | 26.08.2016 | -17677 | TRANSFER | 104466 | 0.02 |
|  |  |  |  | 02.09.2016 | 10744  | TRANSFER | 115210 | 0.02 |
|  |  |  |  | 09.09.2016 | 2738   | TRANSFER | 117948 | 0.02 |
|  |  |  |  | 16.09.2016 | 991    | TRANSFER | 118939 | 0.02 |
|  |  |  |  | 23.09.2016 | 3697   | TRANSFER | 122636 | 0.03 |
|  |  |  |  | 30.09.2016 | -7663  | TRANSFER | 114973 | 0.02 |
|  |  |  |  | 07.10.2016 | 4995   | TRANSFER | 119968 | 0.03 |
|  |  |  |  | 14.10.2016 | -265   | TRANSFER | 119703 | 0.02 |
|  |  |  |  | 21.10.2016 | -2561  | TRANSFER | 117142 | 0.02 |
|  |  |  |  | 28.10.2016 | 1438   | TRANSFER | 118580 | 0.02 |
|  |  |  |  | 04.11.2016 | 8158   | TRANSFER | 126738 | 0.03 |
|  |  |  |  | 11.11.2016 | -20245 | TRANSFER | 106493 | 0.02 |
|  |  |  |  | 18.11.2016 | 592    | TRANSFER | 107085 | 0.02 |
|  |  |  |  | 25.11.2016 | -2322  | TRANSFER | 104763 | 0.02 |
|  |  |  |  | 02.12.2016 | 8512   | TRANSFER | 113275 | 0.02 |
|  |  |  |  | 09.12.2016 | 415    | TRANSFER | 113690 | 0.02 |
|  |  |  |  | 16.12.2016 | 18217  | TRANSFER | 131907 | 0.03 |
|  |  |  |  | 23.12.2016 | 5662   | TRANSFER | 137569 | 0.03 |



|   |                   |        |      |            |         |          |        |      |
|---|-------------------|--------|------|------------|---------|----------|--------|------|
|   |                   |        |      | 30.12.2016 | -5979   | TRANSFER | 131590 | 0.03 |
|   |                   |        |      | 31.12.2016 | 10      | TRANSFER | 131600 | 0.03 |
|   |                   |        |      | 06.01.2017 | -8569   | TRANSFER | 123031 | 0.03 |
|   |                   |        |      | 13.01.2017 | -2501   | TRANSFER | 120530 | 0.03 |
|   |                   |        |      | 20.01.2017 | 2192    | TRANSFER | 122722 | 0.03 |
|   |                   |        |      | 27.01.2017 | -4432   | TRANSFER | 118290 | 0.02 |
|   |                   |        |      | 03.02.2017 | 11065   | TRANSFER | 129355 | 0.03 |
|   |                   |        |      | 10.02.2017 | -107    | TRANSFER | 129248 | 0.02 |
|   |                   |        |      | 17.02.2017 | 829     | TRANSFER | 130077 | 0.02 |
|   |                   |        |      | 24.02.2017 | -660    | TRANSFER | 129417 | 0.02 |
|   |                   |        |      | 03.03.2017 | 1942    | TRANSFER | 131359 | 0.02 |
|   |                   |        |      | 10.03.2017 | -10004  | TRANSFER | 121355 | 0.02 |
|   |                   |        |      | 17.03.2017 | -9864   | TRANSFER | 111491 | 0.02 |
|   |                   |        |      | 24.03.2017 | -10516  | TRANSFER | 100975 | 0.02 |
|   |                   |        |      | 31.03.2017 | -5792   | TRANSFER | 95183  | 0.02 |
|   |                   |        |      | 03.02.2017 | 22914   | TRANSFER | 98868  | 0.02 |
|   |                   |        |      | 10.02.2017 | -5173   | TRANSFER | 93695  | 0.02 |
|   |                   |        |      | 17.02.2017 | 12622   | TRANSFER | 106317 | 0.02 |
|   |                   |        |      | 24.02.2017 | -6981   | TRANSFER | 99336  | 0.02 |
|   |                   |        |      | 03.03.2017 | 7659    | TRANSFER | 106995 | 0.02 |
|   |                   |        |      | 10.03.2017 | -28372  | TRANSFER | 78623  | 0.01 |
|   |                   |        |      | 17.03.2017 | -142948 | TRANSFER | 88574  | 0.02 |
|   |                   |        |      | 24.03.2017 | -120288 | TRANSFER | 79619  | 0.01 |
|   |                   |        |      | 31.03.2017 | -117739 | TRANSFER | 78076  | 0.01 |
|   |                   |        |      | 31.03.2017 | -5792   | TRANSFER | 95183  | 0.02 |
|   |                   |        |      | 03.02.2017 | 22914   | TRANSFER | 98868  | 0.02 |
|   |                   |        |      | 10.02.2017 | -5173   | TRANSFER | 93695  | 0.02 |
|   |                   |        |      | 17.02.2017 | 12622   | TRANSFER | 106317 | 0.02 |
|   |                   |        |      | 24.02.2017 | -6981   | TRANSFER | 99336  | 0.02 |
|   |                   |        |      | 03.03.2017 | 7659    | TRANSFER | 106995 | 0.02 |
|   |                   |        |      | 10.03.2017 | -28372  | TRANSFER | 78623  | 0.01 |
|   |                   |        |      | 17.03.2017 | -142948 | TRANSFER | 88574  | 0.02 |
|   |                   |        |      | 24.03.2017 | -120288 | TRANSFER | 79619  | 0.01 |
|   |                   |        |      | 31.03.2017 | -117739 | TRANSFER | 78076  | 0.01 |
| 7 | SHAREKHAN LIMITED | 107799 | 0.04 | 01.04.2016 | 750     | TRANSFER | 108549 | 0.04 |
|   |                   |        |      | 08.04.2016 | -22784  | TRANSFER | 85765  | 0.03 |
|   |                   |        |      | 15.04.2016 | 29561   | TRANSFER | 115326 | 0.04 |
|   |                   |        |      | 22.04.2016 | -11170  | TRANSFER | 104156 | 0.04 |

|  |  |  |  |            |        |          |        |      |
|--|--|--|--|------------|--------|----------|--------|------|
|  |  |  |  | 29.04.2016 | -10834 | TRANSFER | 93322  | 0.03 |
|  |  |  |  | 06.05.2016 | 17285  | TRANSFER | 110607 | 0.04 |
|  |  |  |  | 13.05.2016 | 11766  | TRANSFER | 122373 | 0.05 |
|  |  |  |  | 27.05.2016 | 3527   | TRANSFER | 149030 | 0.05 |
|  |  |  |  | 03.06.2016 | 3297   | TRANSFER | 152327 | 0.05 |
|  |  |  |  | 10.06.2016 | 38115  | TRANSFER | 190442 | 0.07 |
|  |  |  |  | 17.06.2016 | -28661 | TRANSFER | 161781 | 0.06 |
|  |  |  |  | 24.06.2016 | -12110 | TRANSFER | 149671 | 0.05 |
|  |  |  |  | 30.06.2016 | 15318  | TRANSFER | 164989 | 0.06 |
|  |  |  |  | 01.07.2016 | -4342  | TRANSFER | 160647 | 0.06 |
|  |  |  |  | 08.07.2016 | 16180  | TRANSFER | 176827 | 0.06 |
|  |  |  |  | 15.07.2016 | -6678  | TRANSFER | 170149 | 0.06 |
|  |  |  |  | 22.07.2016 | 12655  | TRANSFER | 182804 | 0.06 |
|  |  |  |  | 29.07.2016 | -478   | TRANSFER | 182326 | 0.06 |
|  |  |  |  | 05.08.2016 | -7293  | TRANSFER | 175033 | 0.06 |
|  |  |  |  | 12.08.2016 | 6711   | TRANSFER | 181744 | 0.04 |
|  |  |  |  | 19.08.2016 | 8042   | TRANSFER | 189786 | 0.04 |
|  |  |  |  | 26.08.2016 | -17040 | TRANSFER | 172746 | 0.04 |
|  |  |  |  | 02.09.2016 | 7386   | TRANSFER | 180132 | 0.04 |
|  |  |  |  | 09.09.2016 | 1072   | TRANSFER | 181204 | 0.04 |
|  |  |  |  | 16.09.2016 | -27    | TRANSFER | 181177 | 0.04 |
|  |  |  |  | 23.09.2016 | -4767  | TRANSFER | 176410 | 0.04 |
|  |  |  |  | 30.09.2016 | 415    | TRANSFER | 176825 | 0.04 |
|  |  |  |  | 07.10.2016 | -1197  | TRANSFER | 175628 | 0.04 |
|  |  |  |  | 14.10.2016 | 2232   | TRANSFER | 177860 | 0.04 |
|  |  |  |  | 21.10.2016 | 3638   | TRANSFER | 181498 | 0.04 |
|  |  |  |  | 28.10.2016 | 10371  | TRANSFER | 191869 | 0.04 |
|  |  |  |  | 04.11.2016 | 29336  | TRANSFER | 221205 | 0.05 |
|  |  |  |  | 11.11.2016 | 12254  | TRANSFER | 233459 | 0.05 |
|  |  |  |  | 13.01.2017 | -39423 | TRANSFER | 194036 | 0.04 |
|  |  |  |  | 25.11.2016 | -16413 | TRANSFER | 177623 | 0.04 |
|  |  |  |  | 02.12.2016 | 53899  | TRANSFER | 231522 | 0.05 |
|  |  |  |  | 09.12.2016 | -31615 | TRANSFER | 199907 | 0.04 |
|  |  |  |  | 16.12.2016 | -4092  | TRANSFER | 195815 | 0.04 |
|  |  |  |  | 23.12.2016 | -94248 | TRANSFER | 101567 | 0.02 |
|  |  |  |  | 30.12.2016 | -12251 | TRANSFER | 89316  | 0.02 |
|  |  |  |  | 06.01.2017 | -10119 | TRANSFER | 79197  | 0.02 |
|  |  |  |  | 13.01.2017 | -1939  | TRANSFER | 77258  | 0.02 |
|  |  |  |  | 20.01.2017 | -6470  | TRANSFER | 70788  | 0.01 |

|    |  |        |      |            |         |          |        |      |
|----|--|--------|------|------------|---------|----------|--------|------|
|    |  |        |      | 27.01.2017 | 5166    | TRANSFER | 75954  | 0.02 |
|    |  |        |      | 24.06.2016 | 0       | 0        | 0      | 0.00 |
|    |  |        |      | 31.03.2017 | 0       | 0        | 0      | 0.00 |
| 8  | KOVURU<br>VEN-<br>KATESH-<br>WARLU       | 104000 | 0.04 | 01.04.2016 |         |          | 104000 | 0.04 |
|    |  |        |      | 10.06.2016 | -52000  | TRANSFER | 52000  | 0.02 |
|    |  |        |      | 17.06.2016 | -27000  | TRANSFER | 25000  | 0.01 |
|    |  |        |      | 24.06.2016 | 0       | 0        | 0      | 0.00 |
|    |  |        |      | 31.03.2017 | 0       | 0        | 0      | 0.00 |
| 9  | VINAY<br>MITTAL                          | 100000 | 0.03 | 01.04.2016 |         |          | 100000 | 0.03 |
|    |  |        |      | 06.05.2016 | -100000 | TRANSFER | 0      | 0.00 |
|    |  |        |      | 31.03.2017 | 0       | 0        | 0      | 0.00 |
| 10 | INDIGO<br>ADVISORY<br>PRIVATE<br>LIMITED | 0      | 0.00 | 01.04.2016 |         |          | 0      | 0.00 |
|    |  |        |      | 31.03.2017 | 0       |          | 271735 | 0.06 |

## E) Shareholding of Directors and Key Managerial Personnel

| Sl 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 Shareholding 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 31.03.2017

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

(Rs in Lacs)

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits   | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |            |                       |
| i) Principal Amount  | 83891.42                            | 30000.00           | Nil        | 113891.42             |
| 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>83891.42</b>                     | <b>30456.20</b>    | <b>Nil</b> | <b>114347.62</b>      |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |            |                       |
| * Addition (Interest accrued but not due)                  | Nil                                 | 300.00             | Nil        | 300.00                |
| Addition   | 4025.49                             | Nil                | Nil        | 4025.49               |
| Reduction  | Nil                                 | Nil                | Nil        | Nil                   |
| <b>Net Change</b>  | <b>4025.49</b>                      | <b>300.00</b>      | <b>Nil</b> | <b>4325.49</b>        |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |            |                       |
| i) Principal Amount  | 87916.91                            | 30000.00           | Nil        | 117916.91             |
| ii) Interest due but not paid                              | Nil                                 | Nil                | Nil        | Nil                   |
| iii) Interest accrued but not due                          | Nil                                 | 756.20             | Nil        | 756.20                |
| <b>Total (i+ii+iii)</b>                                    | <b>87916.91</b>                     | <b>30756.20</b>    | <b>Nil</b> | <b>118673.11</b>      |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

In Rs.

| Sl. No | Particulars of Remuneration   | Name of MD/WTD/ Manager |             |                            |                 | Total Amount |
|--------|---|-------------------------|-------------|----------------------------|-----------------|--------------|
|        |   | 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 | 1522955.40              | 1157097.00  | 2323520.00                 | 1202104.00      | 6205676.40   |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 138507.00               | 176919.00   | 324567.30                  | 169446.00       | 809439.30    |
|        | (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  |                         |             |                            |                 |              |
|        | Total (A)   | 1661462.40              | 1334016.00  | 2648087.30                 | 1371550.00      | 7015115.70   |
|        | Ceiling as per the Act  |                         |             |                            |                 |              |

## B. REMUNERATION TO OTHER DIRECTORS

In Rs.

| Sl. No. | Particulars of Remuneration                 | Name of the Director       | Total Amount |
|---------|---|----------------------------|--------------|
| 1       | Independent Directors                       | Shri Saday Krishna Kanoria |              |
|         | Fee for attending board /committee meetings | 36000                      | 36000        |
|         | Commission                                  | -                          |              |
|         | Others, please specify                      | -                          |              |
|         | Total (1)                                   | 36000                      | 36000        |
| 2       | Other Non-Executive Directors               |                            | -            |
|         | Fee for attending board committee meetings  | -                          | -            |
|         | Commission                                  | -                          |              |
|         | Others, please specify                      | -                          |              |
|         | Total (2)                                   | -                          |              |
|         | Total (B)=(1+2)                             | 36000                      | 36000        |
|         | Total Managerial Remuneration               | N.A                        | N.A          |
|         | Overall Ceiling as per the Act              | N.A                        | N.A          |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB

In Rs.

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel |                       |                            |            |
|---------|---|--------------------------|-----------------------|----------------------------|------------|
|         |   | CEO                      | CS                    | CFO                        | Total      |
|         |   |                          | Mrs .S Shanmuga Priya | Dr. Janaki Ananthakrishnan |            |
| 1       | Gross salary  |                          |                       |                            |            |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | 640509.00             | 2323520.00                 | 2964029.00 |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | 97827.00              | 324567.30                  | 422394.30  |
|         | (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  | -                        |                       |                            |            |
|         | Total   | -                        | 738336.00             | 2648087.30                 | 3386423.30 |

## 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. Telecom Industry Structure

The Indian telecommunications industry is one of the fastest growing in the world with about 10% growth annually, contributing about 2% of GDP. According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 1194.58 million, with overall tele-density of 92.98 % at the end of March 31, 2017. Further, countries broadband subscribers has reached to 276.52 million at the end of March 2017. The figure will see a drastic improvement as The Indian telecoms sector has traditionally been voice driven. Commoditizing voice calls and offering tiered data tariffs would shift the business model from a voice to a data centric one. The average data consumption per user is increasing, with increased adoption of smartphones and availability of content. 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. In addition, the digital payments ecosystem is growing by leaps and bounds in India. This is largely possible as India is transitioning to a digital economy. Digital wallets witnessed exponential growth in the back of the recent demonetization drive by the Government of India.

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 a pioneer as a 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. ITI is also making inroads in IOT and smart city. ITI has tied up with many start-ups to offer various smart solutions required under IOT and smart city. There are huge opportunities in the service sector also. ITI has already been part of the Government projects, like National Population Register, Socio Economic and 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. ITI has also launched mobile wallet called “Tag ITI” for offering cashless transactions in the country.

The Government has approved a revival plan for ITI with a funding support of Rs. 4156.79Crores This package consists of Rs. 2264 Corers as equity towards up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects. Government had already released Rs.192 Corers as first phase disbursement to the Company towards capital expenditure under revival plan and has released Rs.80 Corers for capex for the year 2016-17. Further Government has allocated the Rs.200 Corers for capital expenditure during the year 2017-18 in the budget. 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 is helping 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 and also domestic players in all market domains.
- Openmarket 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 (ITI has won the contracts from BBNL and BSNL for the supply of G-PON equipments with C-DoT technology also expecting orders from RailTel), 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 Palakkad unit. ITI is in final stages of establishing Manufacturing infrastructure for OFC cables, Li-Ion batteries, Wi-fi solutions, Low power BTS. Also establishment of ITI's own Data center, contract manufacturing activities for VSSC and other PSUs are under progress, The other products identified for manufacture are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Set top box, Smart energy meters, 3D Printing etc for which the infrastructure being planned in phased manner. ITI has entered in to teaming agreements with many start-ups for smart solutions needed in IOT and smart city applications. There is good scope for getting business smart cities which are being developed in India. In IOT business sector ITI recently got order for installation for feedback solution to e-toilet under swatch Bharat mission of Government of India for which the equipment needed will be manufactured in ITI and supplied.

### 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 is diversifying into many other sectors like IOT, smart city, solar power solutions, service sector so as to improve the top line.

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. Company is actively participating in many international and domestic exhibitions, seminars to showcase our products, solutions and also capabilities.

### III. HUMAN RESOURCES

As at 31st March, 2017, your Company had a total strength of 4052 as compared to 5299 at the end of the previous year.

### IV. 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. A consultant has been appointed who is reviewing our control systems/procedures and will also suggest if any action is required for the necessary compliance regarding "Internal Control Over Financial Reporting".

### V. FINANCIAL PERFORMANCE

Your Company has achieved a sales turnover of Rs. 1611 Crs. for the year ended 31st March, 2017, as compared to Rs. 1253 Crs. in the previous year.

### VI. 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, 2017.

For and on behalf of the  
Board of Directors

**(S. Gopu)**

Director HR /

Addl Charge Chairman and Managing Director

Place: Bangalore  
Date: 22.08.2017



## 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, 2017 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 : 22nd August 2017

**(Dr. Janaki Ananthakrishnan**  
CFO / Director - Finance

**(S.Gopu)**  
Director HR /  
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, 2017, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraph C,D and E of the schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the design, implementation and maintenance of Internal control and procedures 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.

We conducted our examination in accordance with the Guidance note on Reports or certificates for special purposes (Revised 2016) issued by Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountants of India . We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and other Assurance and Related Services Engagements

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 Independent Director in the audit committee and Nomination & Remuneration Committee as stipulated in the Listing Agreement.**
- 3. Composition of Board of directors of the company is not in accordance with erstwhile clause 49 of Listing agreement and regulation 17 of LODR as only one Independent director is there in the Board.**

We certify that the Company has complied with the conditions of Corporate Governance as specified in stipulated in regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraph C,D and E of the schedule V of the Listing Regulations during the year ended March 31, 2017.

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.

**Restrictions on use**

This certificate is issued solely for the purposes of complying with aforesaid Regulations and may not be suitable for any other purpose.

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

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

Place: Bangalore  
Date : 22nd August, 2017



## 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 Rs. 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 Sundar Srini & Sridhar**  
 Chartered Accountants  
 Firm Reg. No.: 004201S

For and on behalf of the Board of Directors

**R. Jayasankar**  
 Partner  
 M. No. 026298

**S. Shanmuga Priya**  
 Company Secretary

**Dr. Janaki Ananthakrishnan**  
 Director-Finance/Chief  
 Financial Officer  
 DIN: 07247256

**S. GOPU**  
 Director-HR  
 Addl.  
 Charge CMD  
 DIN: 06896926

Place: Bangalore  
 Date: 22.08.2017

**Balance Sheet as at 31st March, 2017**

₹ in Lakhs

| Particulars  | Note No. | 31.03.2017 | 31.03.2016 |
|--|----------|------------|------------|
| <b>I. EQUITY AND LIABILITIES</b>   |          |            |            |
| <b>(1) Shareholder's Funds</b>   |          |            |            |
| (a) Share Capital  | 1        | 86000.00   | 58800.00   |
| (b) Reserves and Surplus   | 2        | 62224.71   | 19719.16   |
| (c) Money received against share warrants  | 3        | 0.00       | 148224.71  |
| <b>(2) Share application money pending allotment</b>   | 4        | 0.00       | 0.00       |
| <b>(3) Non-Current Liabilities</b>   |          |            |            |
| (a) Long-term borrowings   | 5        | 30000.00   | 30000.00   |
| (b) Trade Payables (includes total dues of Micro and Small enterprises ₹ Nil/- (₹ Nil/-))          | 6        | 31024.64   | 23021.92   |
| (c) Other Long term liabilities  | 7        | 1444.25    | 1213.14    |
| (d) Long term provisions   | 8        | 5831.09    | 68299.97   |
| <b>(4) Current Liabilities</b>   |          |            |            |
| (a) Short-term borrowings  | 9        | 87916.91   | 83891.42   |
| (b) Trade payables (includes total dues of Micro and Small enterprises ₹7.78 lakhs (₹13.84 lakhs)) | 10       | 166575.22  | 187511.06  |
| (c) Other current liabilities  | 11       | 65429.19   | 127543.26  |
| (d) Short-term provisions  | 12       | 14837.01   | 24190.32   |
| Total  |          | 334758.32  | 423136.05  |
| <b>Grand Total</b>   |          | 551283.00  | 583481.05  |
| <b>II.ASSETS</b>   |          |            |            |
| <b>(1) Non-current assets</b>  |          |            |            |
| <b>(a) Fixed assets</b>  |          |            |            |
| (i) Tangible assets  | 13       | 250638.62  | 245843.83  |
| (ii) Intangible assets   | 14       | 0.00       | 0.00       |
| (iii) Capital work-in-progress   | 15       | 10159.39   | 9168.30    |
| (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       | 26.08      | 23.01      |
| (e) Trade receivables  | 20       | 25071.79   | 285936.42  |
| <b>(2) Current assets</b>  |          |            |            |
| (a) Current investments  | 21       | 0.00       | 0.00       |
| (b) Inventories  | 22       | 14228.63   | 10383.02   |
| (c) Trade receivables  | 23       | 198190.24  | 171358.71  |
| (d) Cash and cash equivalents  | 24       | 16631.12   | 12119.21   |

## Balance Sheet as at 31st March, 2017 (Contd...)

₹ in Lakhs

| Particulars                       | Note No. | 31.03.2017       | 31.03.2016       |
|-----------------------------------|----------|------------------|------------------|
| (e) Short-term loans and advances | 25       | 35713.81         | 28847.39         |
| (f) Other current assets          | 26       | 582.76           | 609.48           |
| Total                             |          | 265346.58        | 223317.81        |
| <b>Grand Total</b>                |          | <b>551283.00</b> | <b>583481.05</b> |

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

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

**R. Jayasankar**  
Partner  
M. No. 026298

**S. Shanmuga Priya**  
Company Secretary

**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer  
DIN: 07247256

**S. GOPU**  
Director-HR  
Addl.  
Charge CMD  
DIN: 06896926

Place: Bangalore  
Date: 22.08.2017

**Profit and Loss Statement for the year ended 31st March, 2017**

₹ in Lakhs

| Particulars   | Note No. | 31.03.2017 | 31.03.2016 |
|---|----------|------------|------------|
| <b>INCOME</b>   |          |            |            |
| I. Revenue from operations  | 27       | 152811.94  | 119045.40  |
| II. Other Income**  | 28       | 37586.95   | 48446.54   |
| III. Total Revenue (I + II)   |          | 190398.89  | 167491.94  |
| <b>IV. EXPENSES:</b>  |          |            |            |
| Cost of materials consumed  | 29       | 9257.52    | 4133.34    |
| Purchase of Stock-in-Trade  | 30       | 51219.08   | 62824.69   |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade     | 31       | (1762.24)  | 43.79      |
| Installation & Maintenance Charges  |          | 64207.94   | 31805.52   |
| Employee benefit expense  | 32       | 26214.15   | 31513.30   |
| Finance costs   | 33       | 15261.52   | 15715.47   |
| Depreciation and amortization expense   | 34       | 1694.45    | 1290.17    |
| Other expenses  | 35       | 10265.41   | 5961.23    |
| Total Expenses*   |          | 176357.82  | 153287.50  |
| Less: Transfer to Capital Account   | 36       | 0.00       | 0.00       |
| IV (A) Prior period adjustments(Net)  | 37       | (23.67)    | (335.72)   |
| V. Profit/(Loss) before exceptional and extraordinary items and tax(III-IV-IV(A)) |          | 14017.41   | 13868.71   |
| VI. Exceptional Items   | 38       | 0.00       | 0.00       |
| i) Income   |          | 0.00       | 0.00       |
| ii) Expenses  |          | 0.00       | 0.00       |
| VII. Profit/(Loss) before extraordinary items and tax (V - VI)                    |          | 14017.41   | 13868.71   |
| VIII. Extraordinary Items   | 39       | 16471.00   | 11250.00   |
| IX. Profit/(Loss) before tax (VII + VIII)   |          | 30488.41   | 25118.71   |
| X. Tax expense:   |          |            |            |
| (1) Current tax   |          | 0.00       | 0.00       |
| (2) Deferred tax  |          | 0.00       | 0.00       |
| XI. Profit(Loss) for the year from continuing operations (IX-X)                   |          | 30488.41   | 25118.71   |
| 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 year (XI + XIV)   |          | 30488.41   | 25118.71   |
| XVI. Earning per equity share before extraordinary items                          |          |            |            |
| Basic & Diluted(Face value of ₹ 10/- each):                                       |          | 2.76       | 3.98       |

## Profit and Loss Statement for the year ended 31st March, 2017 (Contd...)

₹ in Lakhs

| Particulars   | Note No. | 31.03.2017 | 31.03.2016 |
|---|----------|------------|------------|
| Earning per equity share after extraordinary items  |          |            |            |
| Basic & Diluted(Face value of ₹ 10/- each):   |          | 6.77       | 7.77       |
| *Includes expenditure on R&D ₹ 1630.47lakhs(previous year ₹1638.41lakhs) under various heads.                                 |          |            |            |
| ** Includes Grant in Aid ₹19600 lakhs, excess liability withdrawn Palakkad unit ₹9662.11 lakhs and Corporate office ₹1894.21. |          |            |            |
| The accounting policies & accompanying notes form part of the financial statements  |          |            |            |

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

**R. Jayasankar**  
Partner  
M. No. 026298

**S. Shanmuga Priya**  
Company Secretary

**Dr. Janaki Ananthakrishnan**  
Director-Finance/Chief  
Financial Officer  
DIN: 07247256

**S. GOPU**  
Director-HR  
Addl.  
Charge CMD  
DIN: 06896926

Place: Bangalore  
Date: 22.08.2017

**CASH FLOW STATEMENTS FOR THE YEAR 2016-17**

₹ in Lakhs

|  | FOR THE YEAR ENDED<br>31st MARCH 2017 | FOR THE YEAR ENDED<br>31st MARCH 2016 |
|--|---------------------------------------|---------------------------------------|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>                    |                                       |                                       |
| NET PROFIT/(LOSS) BEFORE TAX                                       | 30488.41                              | 25118.71                              |
| ADJUSTMENT FOR:  |                                       |                                       |
| DEPRECIATION   | 1783.23                               | 1290.17                               |
| FINANCING CHARGES  | 15261.52                              | 15715.47                              |
| PROFIT ON SALE OF INVESTMENTS                                      | 0.00                                  | 0.00                                  |
| INTEREST/DIVIDEND RECEIVED   | (99.95)                               | (226.59)                              |
| LOSS ON SALE OF ASSET  | 0.00                                  | 0.00                                  |
| PROFIT ON SALE OF ASSET  | 0.00                                  | 0.00                                  |
| TRANSFER FROM GRANT-IN-AID   | (21494.52)                            | (38621.69)                            |
| TRANSFER FROM GRANT-IN-AID (Prior period adj.)                     | (0.00)                                | 0.00                                  |
| NON-CASH EXPENDITURE   | 444.73                                | 1.90                                  |
| <b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b> | <b>26383.41</b>                       | <b>3277.97</b>                        |
| ADJUSTMENT FOR:  |                                       |                                       |
| TRADE AND OTHER RECEIVABLES  | 45640.01                              | (52458.71)                            |
| INVENTORIES  | (3995.70)                             | (1052.44)                             |
| TRADE PAYABLES   | (86729.08)                            | 31145.01                              |
| DIRECT TAXES PAID  | 427.86                                | (1546.65)                             |
| <b>CASH GENERATED FROM OPERATIONS</b>                              | <b>(18273.51)</b>                     | <b>(20634.82)</b>                     |
| <b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>                        | <b>(18273.51)</b>                     | <b>(20634.82)</b>                     |
| EXTRAORDINARY ITEMS  | 16471.00                              | 11250.00                              |
| <b>NET CASH FROM OPERATING ACTIVITIES [A]</b>                      | <b>(34744.51)</b>                     | <b>(31884.82)</b>                     |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>                    |                                       |                                       |
| PURCHASE OF FIXED ASSETS INCLUDING:                                |                                       |                                       |
| CAPITAL WORK-IN-PROGRESS   | (7607.50)                             | (10654.90)                            |
| SALE OF FIXED ASSETS   | 0.00                                  | 0.00                                  |

## CASH FLOW STATEMENTS FOR THE YEAR 2016-17 (Contd...)

₹ in Lakhs

|  | FOR THE YEAR ENDED<br>31st MARCH 2017 | FOR THE YEAR ENDED<br>31st MARCH 2016 |
|--|---------------------------------------|---------------------------------------|
| INVESTMENTS  | 0.00                                  | 0.00                                  |
| INTEREST RECEIVED  | 99.95                                 | 226.59                                |
| <b>NET CASH USED IN INVESTING<br/>ACTIVITIES [B]</b>                                       | <b>(7507.55)</b>                      | <b>(10428.31)</b>                     |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>   |                                       |                                       |
| PROCEEDS FROM SHORT TERM BORROWINGS  | 4025.49                               | (8191.66)                             |
| PROCEEDS FROM ISSUE OF SHARE CAPITAL   | 8000.00                               | 0.00                                  |
| SHARE APPLICATION MONEY  | 0.00                                  | 0.00                                  |
| GRANT-IN-AID RECEIVED  | 50000.00                              | 51217.00                              |
| FINANCING EXPENSES   | (15261.52)                            | (15715.47)                            |
| <b>NET CASH USED IN FINANCING<br/>ACTIVITIES [C]</b>                                       | <b>46763.97</b>                       | <b>27309.87</b>                       |
| <b>NET INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>                                       | <b>[A+B+C] 4511.91</b>                | <b>(15003.26)</b>                     |
| <b>CASH AND CASH EQUIVALENTS AS AT<br/>THE BEGINNING OF THE YEAR<br/>[OPENING BALANCE]</b> | <b>12119.21</b>                       | <b>27122.47</b>                       |
| <b>CASH AND CASH EQUIVALENTS AS AT<br/>THE END OF THE YEAR<br/>[CLOSING BALANCE]</b>       | <b>16631.12</b>                       | <b>12119.21</b>                       |

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

As per our report of even date

**For Sundar Srini & Sridhar**

Chartered Accountants

Firm Reg. No.: 004201S

For and on behalf of the Board of Directors

**R. Jayasankar**

Partner

M. No. 026298

**S. Shanmuga Priya**

Company Secretary

**Dr. Janaki Ananthakrishnan**

Director-Finance/Chief

Financial Officer

DIN: 07247256

**S. GOPU**

Director-HR

Addl.

Charge CMD

DIN: 06896926

Place: Bangalore

Date: 22.08.2017

**Notes to the Financial Statements**

₹ in Lakhs

| Particulars  | As at 31.03.2017  | As at 31.03.2016  |
|--|-------------------|-------------------|
| <b>Note No.1</b>   |                   |                   |
| <b>SHARE CAPITAL</b>   |                   |                   |
| I) Equity  |                   |                   |
| a) Authorised  |                   |                   |
| 80,00,00,000 equity shares of ₹10 each   | 80000.00          | 80000.00          |
| b) Issued  |                   |                   |
| 56,00,00,000 equity shares of ₹10 each (28,80,00,000 equity shares of ₹10 each)  | 56000.00          | 28800.00          |
| c) Subscribed and Fully Paid-up  |                   | -                 |
| 56,00,00,000 equity shares of ₹10 each (28,80,00,000 equity shares of ₹10 each)  | 56000.00          | 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  | As at 31.03.2017  | As at 31.03.2016  |
|  | No.of shares      | No.of shares      |
| Number of shares outstanding O.B   | 288000000         | 288000000         |
| Add: issued during the year  | 272000000         | -                 |
| Less: Buy back/forfeiture during the year  | -                 | -                 |
| Number of shares outstanding C.B   | 560000000         | 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   |                   |                   |
| Name   | No.of shares held | No.of shares held |
| 1. President of India  | 530887500         | 258887500         |
| * Government of India has disinvested 10% of the Equity shares to Financial Institutions, Banks, Mutual Funds and Employees prior to the allotment made during the fiscal 2017. The Government of India is in the process of diluting its stake during fiscal 2018 to bring down its percentage of holding to 90%. |                   |                   |
| k) During last 5 years:  |                   |                   |



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

₹ in Lakhs

| Particulars   | As at 31.03.2017                         | As at 31.03.2016                         |
|---|--|--|
| 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                                      |
| II) Preference Shares   |  |  |
| a) Authorised   |  |  |
| 40000000 Preference Shares of ₹100 each   |  |  |
| -8.75% Cumulative Redeemable Preference Shares  | 40000.00                                 | 40000.00                                 |
| b) Issued   |  |  |
| 10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005  | 10000.00                                 | 10000.00                                 |
| c) Subscribed and Fully Paid-up   |  |  |
| 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 unpaid   |  |  |
| g) Forfeited shares   |  |  |
| h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period   | As at<br>31.03.2017<br>No.of shares      | As at<br>31.03.2016<br>No.of shares      |
| 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  | As at<br>31.03.2017<br>No.of shares held | As at<br>31.03.2016<br>No.of shares held |
| Name  |  |  |
| 1. Mahanagar Telephone Nigam Ltd.   | 10000000                                 | 10000000                                 |
| k) During last 5 years:   |  |  |
| i) Aggregate number of shares allotted without being received in cash   | -  | -  |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017        | As at 31.03.2016        |
|---|-------------------------|-------------------------|
| ii) Aggregate number of shares allotted as fully paid up by way of bonus shares   | -                       | -                       |
| iii) Aggregate number and class of shares bought back   | -                       | -                       |
| Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:   |                         |                         |
|   | <u>As at 31.03.2017</u> | <u>As at 31.03.2016</u> |
| a) On 8.75% Cumulative Preference Shares from 2002-03   | 13125.00                | 12250.00                |
| (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                |
| -7% Cumulative Redeemable Preference Shares   |                         |                         |
| a) Issued   |                         |                         |
| 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) Subscribed and Fully Paid-up   |                         |                         |
| 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   | -                       | -                       |
| g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period   | As at<br>31.03.2017     | As at<br>31.03.2016     |
|   | No.of shares            | No.of shares            |
| 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.                                    |                         |                         |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017    | As at 31.03.2016    |
|---|---------------------|---------------------|
| - 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   | As at<br>31.03.2017 | As at<br>31.03.2016 |
| Name  | No.of shares held   | No.of shares held   |
| 1.Bharat Sanchar Nigam Ltd.   | 20000000            | 20000000            |
| j)During last 5 years:  |                     |                     |
| k)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 bought back  | -                   | -                   |
| Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears:   |                     |                     |
|   | As at<br>31.03.2017 | As at<br>31.03.2016 |
| On 7.00% Cumulative Preference Shares from 2003-04  | 19600.00            | 18200.00            |
| (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  | As at<br>31.03.2017 | As at<br>31.03.2016 |
| 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 ₹30000lakhs overdue for redemption are continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company.   |                     |                     |

### Note No. 2

#### RESERVES AND SURPLUS

##### a)Capital Reserves

##### i)Free Land Gifted

|                                 |        |        |
|---------------------------------|--------|--------|
| 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  |
| ii)Free Equipment gifted        |        |        |
| Opening balance as per last B/S | 249.95 | 343.69 |
| Less-Transfer to P&L            | 93.74  | 93.74  |

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

₹ in Lakhs

| Particulars                                  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| Closing Balance                              | 156.21           | 249.95           |
| iii) Capital Grant in aid                    |                  |                  |
| As per last Balance Sheet                    | 274872.00        | 273057.00        |
| Transfer from Grant in aid (capital)         | 0.00             | 1815.00          |
| Closing Balance                              | 274872.00        | 274872.00        |
| b) Capital Redemption Reserve                |                  |                  |
| 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             |
| c) Securities premium reserve                |                  |                  |
| 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            |
| d) Debenture Redemption reserve              |                  |                  |
| 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             |
| e) Revaluation Reserve                       |                  |                  |
| i) Revaluation reserves- Land                |                  |                  |
| Opening balance as per last B/S              | 227611.21        | 227611.21        |
| Less-Reversal on sale of land                | 0.00             | 0.00             |
| Closing Balance                              | 227611.21        | 227611.21        |
| ii) Revaluation reserves-Buildings           |                  |                  |
| Opening balance as per last B/S              | 7825.64          | 8429.34          |
| Less-Transfer to General Reserve (P&L)*      | 605.42           | 603.70           |
| Closing Balance                              | 7220.22          | 7825.64          |
| f) Other Reserves                            |                  |                  |
| i) General reserve:                          |                  |                  |
| Opening balance as per last B/S              | 603.70           | 0.00             |
| Add: Transfer from Revaluation Reserve (Dep) | 605.42           | 603.70           |
| Less-Transfer to P&L                         | 0.00             | 0.00             |
| Less-Transfer to Surplus                     | 0.00             | 0.00             |

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

₹ in Lakhs

| Particulars                                       | As at 31.03.2017   | As at 31.03.2016   |
|---|--------------------|--------------------|
| Closing Balance                                   | 1209.11            | 603.70             |
| ii) Profit on Sale of Fixed Assets                |                    |                    |
| Opening balance as per last B/S                   | 0.00               | 0.00               |
| Less-Transfer to Surplus                          | 0.00               | 0.00               |
| Closing Balance                                   | 0.00               | 0.00               |
| iii) Sale of Technical know-how                   |                    |                    |
| As per last Balance Sheet                         | 3.50               | 3.50               |
| Less-Transfer to P&L                              | 0.00               | 0.00               |
| Closing Balance                                   | 3.50               | 3.50               |
| iv) Industrial Housing Subsidy                    |                    |                    |
| As per last Balance Sheet                         | 6.79               | 6.79               |
| Less-Transfer to P&L                              | 0.00               | 0.00               |
| Closing Balance                                   | 6.79               | 6.79               |
| v) Investment allowance reserve                   |                    |                    |
| As per last Balance Sheet                         | 0.00               | 0.00               |
| LESS: Transfer to General reserve                 | 0.00               | 0.00               |
| Closing Balance                                   | 0.00               | 0.00               |
| g) Surplus  |                    |                    |
| As per last Balance sheet                         | (491515.40)        | (516634.11)        |
| Add: Profit/(Loss) for the year                   | 30488.41           | 25118.71           |
| Add: Transfer from General Reserve                | 0.00               | 0.00               |
| Add: Transfer from Profit on sale of fixed assets | 0.00               | 0.00               |
| <b>Total</b>                                      | <b>(461026.99)</b> | <b>(491515.40)</b> |
| Less- Appropriations**                            | 15.31              | 0.00               |
| Less-Transfer from P&L A/C-(Loss for the year)    | 0.00               | 0.00               |
| Closing Balance                                   | (461042.30)        | (491515.40)        |
| h) Grant-in-Aid                                   |                    |                    |
| i) Grant-in-aid (Capital) :                       |                    |                    |
| As per last Balance Sheet                         | 6.86               | 382.81             |
| Add: Receipts during the year                     | 0.00               | 1815.00            |
| <b>Total</b>                                      | <b>6.86</b>        | <b>2197.81</b>     |
| Less: Transfer to revenue GIA/Capital reserves    | 0.00               | 1815.00            |
| Less: Transfer to Profit & Loss Account           | 2.22               | 375.95             |
| Closing Balance                                   | 4.64               | 6.86               |
| ii) Grant-in-aid (Revenue)                        |                    |                    |

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

₹ in Lakhs

| Particulars                             | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| As per last Balance Sheet               | 0.00             | 0.00             |
| Add : Receipts during the year          | 50000.00         | 49402.00         |
| <b>Total</b>                            | <b>50000.00</b>  | <b>49402.00</b>  |
| Less: Transfer to Profit & Loss Account | 37871.58         | 49402.00         |
| Closing Balance                         | 12128.42         | 0.00             |
| Total Grant-in-Aid                      | 12133.06         | 6.86             |
| <b>TOTAL RESERVES AND SURPLUS</b>       | <b>62224.71</b>  | <b>19719.16</b>  |

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

\*\* During the year a sum of ₹15.31 lakhs charged on the assets whose useful life is exhausted as on 1st April 2015 as per Schedule II of the Companies Act 2013.

**Note No.3**

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

**Note No.4**

|   |      |          |
|---|------|----------|
| Share application money pending allotment | 0.00 | 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 part of the approved CCEA Note submitted by the said department for providing "Financial Assistance" to the Company, based on recommendation of BRPSE and during FY 2016-17 Equity shares were allotted to the President of India. In addition to that, during FY 2016-17, the Company has received ₹8000 Lakhs towards share application money and the equity shares were allotted to the President of India during the same financial year.

**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 |
| Interest accrued and due on the above | 0.00     | 0.00     |

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

₹ in Lakhs

| Particulars                                      | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| 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>  |

### Note No.6

Trade Payables-Non current

For goods supplied

- Micro small and medium enterprises

- Others

**TOTAL**

For Expenses and Services

For Other Liabilities

**TOTAL**

|                 |                 |
|-----------------|-----------------|
| 0.00            | 0.00            |
| 31010.94        | 22957.95        |
| <b>31010.94</b> | <b>22957.95</b> |
| 13.70           | 59.55           |
| 0.00            | 4.42            |
| <b>31024.64</b> | <b>23021.92</b> |

### Note No.7

Other Long Term Liabilities

Security deposit received

Interest accrued and but not due on Loan from GOI

**G.TOTAL**

|                |                |
|----------------|----------------|
| 688.05         | 756.94         |
| 756.20         | 456.20         |
| <b>1444.25</b> | <b>1213.14</b> |

### Note No.8

Long Term Provision

For privilege Leave

As per Last Balance Sheet

Less : Transfer to Corporate

Add: Provision/ Reversal of Provision for the year

Less: Payments

**TOTAL**

For sick Leave

|                |                |
|----------------|----------------|
| 8201.31        | 8635.77        |
| 0.00           | 0.00           |
| (2508.02)      | 51.19          |
| 0.00           | 485.65         |
| <b>5693.29</b> | <b>8201.31</b> |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| As per Last Balance Sheet                          | 189.47           | 238.69           |
| Less : Transfer to Corporate                       | 0.00             | 0.00             |
| Add: Provision/ Reversal of Provision for the year | (51.67)          | (49.23)          |
| Less: Payments                                     | 0.00             | 0.00             |
| <b>TOTAL</b>                                       | <b>137.80</b>    | <b>189.46</b>    |
| ii) Others   | 0.00             | 0.00             |
| G. TOTAL   | 5831.09          | 8390.78          |

**Note No.9****CURRENT LIABILITIES**

## i) Short term borrowings

Loans repayable on demand

-secured loans

Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable. (Limit ₹ 99500 lakhs, P.Y. ₹95300 lakhs)

87916.91

83891.42

-Unsecured loans

Loans and advances from related parties

0.00

0.00

Deposits

0.00

0.00

Other loans and advances

0.00

0.00

**TOTAL****87916.91****83891.42****Note No.10**

Trade Payables

For goods supplied

- Micro small and medium enterprises

7.78

13.84

- Others

118599.20

107796.80

**TOTAL****118606.98****107810.65**

For Expenses and Services

22619.48

35847.05

For Other Liabilities(Including Excise duty on Stock-in-Trade ₹0.00 Lakhs P.Y. ₹0.00 Lakhs)

25348.75

43853.37

For goods received and in transit adv

0.00

0.00

**TOTAL****166575.22****187511.06**



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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2017  | 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.  |                  |                  |
| <b>AS PER ENCLOSURE</b>   |                  |                  |
| Disclosure of dues/payments to micro and small enterprises to the extent such enterprises are identified by the company.  |                  |                  |
| (a) Principal amount remain unpaid as at the end of the accounting year.  | 7.78             | 13.84            |
| (b) Interest due thereon remaining unpaid as at the end of the accounting year.   | 0.00             | 0.00             |
| (c) The amount of interest paid and principal paid beyond the appointed day during the year.  | 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 year) but without adding interest under the MSMED Act, 2007. | 0.00             | 0.00             |
| (e) Amount of interest accrued and remaining unpaid as at the end of the accounting year  | 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.11**

Other current liabilities

current maturities of long term debts

Current maturities of finance lease obligations

|   |          |          |
|---|----------|----------|
| Interest Accrued but not due on Borrowings  | 0.00     | 0.00     |
| 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   | 3932.70  | 3208.89  |
| For Other Liabilities (including Excise Duty on Stock in Trade ₹ NIL Previous year ₹ NIL lakhs) | 32867.02 | 38777.68 |
| Other payables  | 33.33    | 1877.43  |
| Salary Payable  | 0.00     | 0.00     |
| Duties & Taxes  | 752.80   | 836.06   |
| Advances from Customers   | 22317.42 | 75792.60 |
| Unclaimed Dividend  | 0.00     | 0.00     |

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

₹ in Lakhs

| <b>Particulars</b>  | <b>As at 31.03.2017</b> | <b>As at 31.03.2016</b> |
|---|-------------------------|-------------------------|
| Misc.Liabilities  | 0.00                    | 0.00                    |
| Royalty Payable   | 0.00                    | 0.00                    |
| Interest accrued but not due on Loans                     | 0.00                    | 0.00                    |
| Wage revision Arrears                                     | 1087.91                 | 3145.54                 |
| Deposits from Contractors                                 | 4438.01                 | 3905.05                 |
| <b>TOTAL</b>  | <b>65,429.19</b>        | <b>127543.26</b>        |
| <b>Note No.12</b>   |                         |                         |
| <b>SHORT TERM PROVISIONS</b>                              |                         |                         |
| 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                                 | 20179.64                | 30201.14                |
| Add: Provision/ Reversal of Provision for the year        | (29.40)                 | 2978.50                 |
| Less: Transfer to gratuity trust                          | 9300.00                 | 13000.00                |
| Add: Transfer from gratuity trust                         | 7892.74                 | 5939.14                 |
| Add: Transfer from Corporate                              | 0.00                    | 0.00                    |
| Less: Payments  | 7892.73                 | 5939.14                 |
| <b>Total</b>  | <b>10850.25</b>         | <b>20179.64</b>         |
| For privilege Leave                                       |                         |                         |
| As per Last Balance Sheet                                 | 3769.41                 | 4723.83                 |
| Less : Transfer to Corporate                              | 0.00                    | 0.00                    |
| Add: Provision/ Reversal of Provision for the year        | 1818.41                 | 542.55                  |
| Less: Payments  | 1838.43                 | 1496.96                 |
| <b>Total</b>  | <b>3749.39</b>          | <b>3769.41</b>          |
| For sick Leave  |                         |                         |
| As per Last Balance Sheet                                 | 2.71                    | 112.03                  |
| Add: Provision/ Reversal of Provision for the year        | 0.85                    | (109.32)                |
| Less: Payments  | 0.00                    | 0.00                    |
| <b>Total</b>  | <b>3.56</b>             | <b>2.71</b>             |
| For L L T C provision                                     |                         |                         |
| As per Last Balance Sheet                                 | 184.80                  | 161.90                  |
| Add: Provision/ Reversal of Provision for the year        | 33.99                   | 43.73                   |
| Less: Payments  | 38.73                   | 20.84                   |

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

₹ in Lakhs

### Note No.13

#### Fixed Assets

#### Tangible assets

| PARTICULARS                 | GROSS BLOCK AT COST |  |         |              |   |                                 | AS AT<br>31.03.2017 |
|-----------------------------|---------------------|--|---------|--------------|---|---------------------------------|---------------------|
|                             | AS AT<br>31.03.2016 | ADDITIONS DURING<br>THE YEAR                       |         | SUB<br>TOTAL | ASSETS<br>SOLD/<br>APPED<br>DURING<br>THE<br>YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS |                     |
|                             |                     | 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                    | 53090.36            | 0.00   | 328.48  | 53418.84     | 0.00  | 0.00                            | 53418.84            |
| PLANT& MACHINERY            | 61250.41            | 0.00   | 4988.60 | 66239.01     | 0.00  | 0.00                            | 66239.01            |
| OTHER EQUIPMENT             | 22336.40            | 0.00   | 1122.43 | 23458.83     | 0.00  | 0.00                            | 23458.83            |
| OFFICE M/C & EQPT           | 2500.65             | 0.00   | 153.12  | 2653.77      | 0.00  | 0.00                            | 2653.77             |
| FURNITURE FIXTURE& FITTINGS | 1989.82             | 0.00   | 0.06    | 1989.88      | 0.00  | 0.00                            | 1989.88             |
| VEHICLES                    | 918.83              | 0.00   | 0.65    | 919.48       | 0.00  | 0.00                            | 919.48              |
| ELECTRICAL INSTALLATION     | 14.04               | 0.00   | 0.00    | 14.04        | 0.00  | 0.00                            | 14.04               |
| TOTAL                       | 370873.73           | 0.00   | 6593.33 | 377467.06    | 0.00  | 0.00                            | 377467.06           |
| PREVIOUS YEAR               | 366108.46           | 0.00   | 4788.54 | 370897.00    | 0.00  | 23.22                           | 370873.73           |

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.6 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)                                     | 15      |
| (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%                  |         |

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

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

₹ in Lakhs

| DEPRECIATION     |  |               |              |   |                                 |  |                    | NET BLOCK                                       |  |
|------------------|--|---------------|--------------|---|---------------------------------|--|--------------------|---|--|
| UPTO<br>31.03.16 | FOR THE YEAR                                       |               | SUB<br>TOTAL | ASSETS<br>SOLD/<br>CRAPPED<br>DURING<br>THE<br>YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | Impairment<br>loss/<br>Reversal of<br>Impairment<br>Loss | UPTO<br>31.03.2017 | Net<br>Carrying<br>Value<br>as at<br>31.03.2017 | Net<br>Carrying<br>Value as at<br>31.03.2016 |
|                  | Acquisitions<br>through<br>business<br>combination | OTHERS<br>^ ^ |              |   |                                 |  |                    |   |  |
| 8                | 9  | 10            | 11=8+9+10    | 12  | 13                              | 14   | 15=11-12-13-14     | 16=7-15   | 17   |
| *<br>0.00        | 0.00   | 0.00          | 0.00         | 0.00  | 0.00                            | 0.00   | 0.00               | 228601.50                                       | 228601.50                                    |
| ****<br>24.36    | 0.00   | 0.27          | 24.63        | 0.00  | 0.00                            | 0.00   | 24.63              | 118.19  | 118.46                                       |
| 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   |
| **<br>43213.04   | 0.00   | 788.36        | 44001.39     | 0.00  | 0.00                            | 0.00   | 44001.39           | 9417.45   | 9877.32                                      |
| ***<br>55108.06  | 0.00   | 789.48        | 55897.53     | 0.00  | 0.00                            | 0.00   | 55897.53           | 10341.47  | 6142.35                                      |
| 21350.07         | 0.00   | 167.02        | 21517.09     | 0.00  | 0.00                            | 0.00   | 21517.09           | 1941.73   | 986.33                                       |
| 2460.72          | 0.00   | 26.53         | 2487.24      | 0.00  | 0.00                            | 0.00   | 2487.24            | 166.53  | 39.94  |
| 1949.64          | 0.00   | 17.50         | 1967.14      | 0.00  | 0.00                            | 0.00   | 1967.13            | 22.75   | 40.18  |
| 881.08           | 0.00   | 9.40          | 890.48       | 0.00  | 0.00                            | 0.00   | 890.48             | 29.00   | 37.75  |
| 14.04            | 0.00   | 0.00          | 14.04        | 0.00  | 0.00                            | 0.00   | 14.04              | 0.00  | 0.00   |
| 125029.91        | 0.00   | 1798.55       | 126828.44    | 0.00  | 0.00                            | 0.00   | 126828.44          | 250638.62                                       | 245843.83                                    |
| 123764.74        | 0.00   | 1288.37       | 125053.11    | 0.00  | 23.20                           | 0.00   | 125029.91          | 245843.82                                       | 242343.72                                    |

\* 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

(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 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 Bareli unit.

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

^ ^ Includes a sum of Rs. 15.31 lakhs charged on the assets whose useful life is exhausted as on 1st April 2015 as per Schedule II of the Companies Act 2013 and the said amount has been adjusted against Retained Earnings during the year.

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

₹ in Lakhs

### Note No.14

#### Intangible Assets

| PARTICULARS                       | GROSS BLOCK AT COST |  |        |              |   |                                 |                     |
|-----------------------------------|---------------------|--|--------|--------------|---|---------------------------------|---------------------|
|                                   | AS AT<br>31.03.2016 | ADDITIONS<br>DURING<br>THE YEAR                    |        | SUB<br>TOTAL | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING THE<br>YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | AS AT<br>31.03.2017 |
|                                   |                     | Acquisitions<br>through<br>business<br>combination | OTHERS |              |   |                                 |                     |
| INTANGIBLE<br>ASSETS              | 1                   | 2  | 3      | 4=1+2+3      | 5   | 6                               | 7=4-5-6             |
| INTERNALLY<br>GENERATED<br>ASSETS |                     |  |        |              |   |                                 |                     |
| PROJECT<br>DEVELOPMENT<br>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<br>GENERATED<br>ASSETS |                     |  |        |              |   |                                 |                     |
| TECHNICAL<br>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

| UPTO<br>31.03.16 | FOR THE<br>YEAR                                    | OTHERS | DEPRECIATION |   |                                 |  | UPTO<br>31.03.2017 | NET BLOCK                                    |   |
|------------------|--|--------|--------------|---|---------------------------------|--|--------------------|--|---|
|                  |  |        | SUB<br>TOTAL | ASSETS<br>SOLD/<br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | Impair-<br>ment loss/<br>Reversal of<br>Impairment<br>Loss |                    | Net<br>Carrying<br>Value as at<br>31.03.2017 | Net<br>Carrying<br>Value<br>as at<br>31.03.2016 |
|                  | Acquisitions<br>through<br>business<br>combination |        |              |   |                                 |  |                    |  |   |
| 8                | 9  | 10     | 11=8+9+10    | 12  | 13                              | 14   | 15=11-12-<br>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  |
| 2915.03          | 0.00   | 0.00   | 2915.03      | 0.00  | 0.00                            | 0.00   | 2915.03            | 0.00   | 0.00  |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| <b>TOTAL</b>  | <b>180.06</b>    | <b>184.80</b>    |
| <b>G.TOTAL</b>  | <b>14837.01</b>  | <b>24190.32</b>  |
| <b>Note No.15</b>   |                  |                  |
| CAPITAL WORK-IN-PROGRESS  |                  |                  |
| Capital Work-in-Progress at Cost  | 6346.54          | 4948.44          |
| Less: Provision   | 0.00             | 0.44             |
| Total   | 6346.54          | 4948.00          |
| Materials with Contractors  | 28.93            | 28.93            |
| Less : Provision  | 28.93            | 28.93            |
| Total   | 0.00             | 0.00             |
| Machinery at Cost   |                  |                  |
| In-Transit  | 361.55           | 109.08           |
| Awaiting Acceptance / Installation  | 3457.83          | 4117.31          |
| Total   | 3819.38          | 4226.39          |
| Less:Provision  | 6.53             | 6.09             |
| TOTAL   | 3812.85          | 4220.30          |
| G.TOTAL   | 10159.39         | 9168.30          |
| <b>Note no.16</b>   |                  |                  |
| Intangible assets under development   | 0.00             | 0.00             |
| <b>Note no.17</b>   |                  |                  |
| NON- CURRENT INVESTMENTS  |                  |                  |
| Investment in Equity instruments  |                  |                  |
| 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             |
| <b>TOTAL</b>  | <b>40.55</b>     | <b>40.55</b>     |
| <b>Note no.18</b>   |                  |                  |
| Deferred tax assets(net)  | 0.00             | 0.00             |
| <b>TOTAL</b>  | <b>0.00</b>      | <b>0.00</b>      |

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

₹ in Lakhs

| Particulars                                  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| <b>Note no.19</b>                            |                  |                  |
| Long term loans and advances                 |                  |                  |
| Secured and considered good:                 |                  |                  |
| Capital Advances                             | 10.02            | 6.89             |
| Security Deposits/ Margin money              | 0.00             | 0.00             |
| Loans and advances                           | 0.00             | 0.00             |
| Considered Doubtful:                         |                  |                  |
| Capital Advances                             | 1.62             | 30.02            |
| Security Deposits                            | 0.00             | 0.00             |
| Loans and advances                           | 0.00             | 0.00             |
| <b>Total</b>                                 | <b>11.64</b>     | <b>36.91</b>     |
| less: provision                              | 1.10             | 29.50            |
| <b>TOTAL SECURED LOANS &amp; ADVANCES</b>    | <b>10.54</b>     | <b>7.41</b>      |
| Un Secured and considered good:              |                  |                  |
| Capital Advances                             | 0.00             | 0.00             |
| Security Deposits                            | 0.76             | 0.59             |
| Loans and advances                           | 14.78            | 15.01            |
| Considered Doubtful:                         | 0.00             |                  |
| Capital Advances                             | 0.00             | 0.00             |
| Security Deposits                            | 0.00             | 0.00             |
| Loans and advances                           | 0.00             | 0.00             |
| <b>Total</b>                                 | <b>15.54</b>     | <b>15.60</b>     |
| less: provision                              | 0.00             | 0.00             |
| Loans and advances due from related parties: |                  |                  |
| ISL  | 0.00             | 0.00             |
| <b>TOTAL UNSECURED LOANS&amp; ADVANCES</b>   | <b>15.54</b>     | <b>15.60</b>     |
| <b>TOTAL LOANS AND ADVANCES</b>              | <b>26.08</b>     | <b>23.01</b>     |

**Note No.20**

Long Term trade Receivables

Secured

- Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good

Considered Doubtful 0.00 0.00

- Others not exceeding 6 months 0.00 0.00

**Total 0.00 0.00**



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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| less: Provision   | 0.00             | 0.00             |
|   | 0.00             | 0.00             |
| Un Secured  |                  |                  |
| - Long term Trade Receivables (Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good | 25071.79         | 105087.55        |
| Considered Doubtful   | 3051.79          | 2778.21          |
| - Others not exceeding 6 months   | 0.00             | 0.00             |
| <b>Total</b>  | <b>28123.58</b>  | <b>107865.76</b> |
| less: Provision   | 3051.79          | 2778.21          |
|   | 25071.79         | 105087.55        |
| <b>G.Total</b>  | <b>25071.79</b>  | <b>105087.55</b> |

### Note No.21

#### CURRENT INVESTMENTS

|                     |      |      |
|---------------------|------|------|
| Current investments | 0.00 | 0.00 |
|---------------------|------|------|

### Note No.22

#### INVENTORIES

(Valued as per Accounting Policy No.3.00)

|   |         |         |         |
|---|---------|---------|---------|
| a) Raw material and Production stores           | 8062.28 | 5653.61 |         |
| Less: Provision for Obsolescence                | 1688.02 | 1540.76 |         |
|   | 6374.26 |         | 4112.85 |
| b)Material issued against Fabrication Contracts | 98.05   | 98.06   |         |
| Less: Provision                                 | 95.47   | 95.47   |         |
|   | 2.58    |         | 2.59    |
| Non-Production Stores                           | 852.35  | 846.45  |         |
| Less: Provision for Obsolescence                | 251.55  | 251.55  |         |
|   | 600.80  |         | 594.89  |
| d)Work-in-Process Production                    | 4172.85 | 2234.04 |         |
| Less: Provision                                 | 273.75  | 273.76  |         |
|   | 3899.10 |         | 1960.29 |
| e)Work-in-Process Installation                  | 0.00    | 0.00    |         |
| Less: Provision                                 | 0.00    | 0.00    |         |
|   | 0.00    |         | 0.00    |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| f) Manufactured Components  | 975.52           | 1339.98          |
| Less: Provision   | 33.86            | 33.86            |
|   | 941.65           | 1306.12          |
| g) Finished Goods   |                  |                  |
| Stock-in-Trade  | 1859.92          | 1672.08          |
| ( includes ₹344.71 Lakhs, items despatched to customers awaiting billing(Previous year ₹ nil Lakhs) |                  |                  |
| Excise Duty thereon   | 89.36            | 72.36            |
|   | 1949.28          | 1744.44          |
| Less: Provision   | 1044.61          | 1044.61          |
|   | 904.67           | 699.83           |
| h) Stock Reconciliation Account   | 10.33            | 10.08            |
| Less: Provision   | 10.33            | 10.08            |
|   | 0.00             | 0.00             |
| i) Goods Pending Inspection / Acceptance  | 159.77           | 578.92           |
| j) Material-in-Transit Advances   |                  |                  |
| Considered Good   | 1225.08          | 1080.10          |
| Considered Doubtful   | 82.23            | 82.23            |
|   | 1307.31          | 1162.33          |
| Less: Provision   | 82.23            | 82.23            |
|   | 1225.08          | 1080.10          |
| k) Material received and In-Transit Advances  | 115.46           | 47.43            |
| l) Tools and Gauges   | 5.25             | 0.00             |
| <b>TOTAL</b>  | <b>14228.63</b>  | <b>10383.02</b>  |

**Note No.23**

Trade Receivables (Current)

Secured

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 |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017            | As at 31.03.2016            |
|--|-----------------------------|-----------------------------|
| Other for a period of not exceeding 6 months:<br>Considered Good                         | 0.00                        | 0.00                        |
|  | <u>0.00</u>                 | <u>0.00</u>                 |
| Less:Provision   | 0.00                        | 0.00                        |
|  | 0.00                        | 0.00                        |
| Un Secured   | <u>                    </u> | <u>                    </u> |
| Outstanding for a period exceeding 6 months from the date they<br>become due for payment |                             |                             |
| Considered Good  | 156255.11                   | 131725.82                   |
| Considered Doubtful  | <u>1599.82</u>              | <u>1599.82</u>              |
|  | 157854.93                   | 133325.64                   |
| Other for a period of not exceeding 6 months: Considered Good                            | 41935.13                    | 39632.89                    |
|  | 199790.06                   | 172958.53                   |
| Less:Provision   | <u>1599.82</u>              | <u>1599.82</u>              |
|  | 198190.24                   | 171358.71                   |
| <b>TOTAL TRADE RECEIVABLES</b>   | <u>198190.24</u>            | <u>171358.71</u>            |

### Note No. 24

Cash and cash equivalents

|  |                 |                 |
|--|-----------------|-----------------|
| a) Cash-on-Transit                                     | 0.00            | 78.30           |
| b) Cash on hand  | 26.48           | 24.58           |
| c) Cheques & Stamps on Hand                            | 0.06            | 0.48            |
| d)'Balance with Banks:                                 |                 |                 |
| - On Current Account                                   | 16112.57        | 11476.59        |
| - On Current Account (Apprentices)                     | 5.79            | 5.79            |
| Unpaid Dividend  | 0.00            | 0.00            |
| Security deposits/others                               | 0.44            | 7.06            |
| LC Margin money  | 0.00            | 0.00            |
| On Savings Account(Apprentices Security Deposits)      | 2.47            | 2.47            |
| On short term deposit (margin money)                   | 47.86           | 73.94           |
| 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 | <u>435.45</u>   | <u>450.00</u>   |
| <b>TOTAL</b>   | <b>16631.12</b> | <b>12119.21</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 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| <b>Note No. 25</b>  |                  |                  |
| Short-term loans and advances   |                  |                  |
| Secured Advances recoverable in cash or in kind or for value to be received         |                  |                  |
| Vehicles  | 0.00             | 0.03             |
| House building  | 0.00             | 0.00             |
| Deposits with Customs Department  | 65.42            | 7.10             |
| Deposits with Excise Authorities  | 2271.87          | 2501.78          |
| Other Deposits  | 536.97           | 536.22           |
| Less: Provision   | 0.00             | 0.00             |
| <b>TOTAL</b>  | <b>2874.26</b>   | <b>3045.13</b>   |
| Un secured Advances recoverable in cash or in kind or for value to be received      |                  |                  |
| Considered Good   | 14617.36         | 8439.43          |
| Considered Doubtful   | 1517.83          | 1612.49          |
|   | 16135.19         | 10051.91         |
| Less: Provision   | 1517.83          | 1517.83          |
|   | 14617.36         | 8534.09          |
| Claims and Expenses Recoverable - Inland  |                  |                  |
| Considered Good   | 14599.27         | 14604.58         |
| Considered Doubtful   | 678.68           | 678.68           |
|   | 15277.95         | 15283.26         |
| Less: Provision   | 678.68           | 678.68           |
|   | 14599.27         | 14604.58         |
| Claims and expenses recoverable - Foreign   |                  |                  |
| Considered good   | 486.10           | 47.28            |
| Considered doubtful (due from related party ITI-C is ₹47.9 Lakhs (PY ₹47.90 Lakhs ) | 1204.32          | 1204.32          |
|   | 1690.42          | 1251.60          |
| Less: Provision   | 1204.32          | 1204.32          |
|   | 486.10           | 47.28            |
| 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             |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
|   | 0.00             | 0.00             |
| Payment of Advance tax (Net of refunds)             | 28.41            | 456.27           |
| Vehicle advance                                     | (0.04)           | 0.00             |
| Other Deposits                                      | 3346.92          | 2398.86          |
| Less: Provision                                     | 256.00           | 256.00           |
|   | 3090.92          | 2142.86          |
| Interest accrued but not due on short term deposits | 17.53            | 17.19            |
| <b>TOTAL</b>  | <b>32839.55</b>  | <b>25802.26</b>  |
| <b>TOTAL SHORT TERM LOANS AND ADVANCES</b>          | <b>35713.81</b>  | <b>28847.39</b>  |

a) Claims and expenses recoverable - inland- includes ₹1690.20 Lakhs (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 (PY ₹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 2017-2018

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 | 567.37 | 593.76 |
| WCT Recoverable       | 15.39  | 15.72  |
| Total                 | 582.76 | 609.48 |

### Note No. 27

#### I. REVENUE FROM OPERATIONS

|   |                  |                  |
|---|------------------|------------------|
| i) Sale of Products (Incl. Excise duty and net of Sales tax)  | 38642.67         | 68957.83         |
| Sale of Finished Goods ₹18502.34 lakhs ( PY. ₹10217.21 lakhs) |                  |                  |
| Sale of Traded Goods ₹20140.33 lakhs ( P.Y. ₹58740.62 lakhs)  |                  |                  |
| ii) Sale of services(Incl. Service Tax)                       | 122426.53        | 56375.22         |
| iii) Other Operating Revenues:                                |                  |                  |
| a) Sale of Scrap  | 0.36             | 1.12             |
| b) Income from DLRC Project                                   | 119.74           | 109.87           |
| c) Non competing fee  | 0.00             | 0.00             |
| <b>TOTAL</b>  | <b>161189.30</b> | <b>125444.05</b> |

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

₹ in Lakhs

| Particulars                       | As at 31.03.2017 | As at 31.03.2016 |
|-----------------------------------|------------------|------------------|
| less: Excise Duty                 | 2001.68          | 289.21           |
| Less: Service Tax                 | 6375.67          | 6109.43          |
| Total Revenue from operations-Net | 152811.94        | 119045.40        |

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.

## Sales under broad heads

|                                    |          |          |
|------------------------------------|----------|----------|
| 1. NPR                             | 172.87   | 46.62    |
| 2. Electronic Switching Equipments | 717.91   | 1024.80  |
| 3. MLLN                            | 6909.91  | 668.06   |
| 4. SIM Card                        | 321.44   | 0.00     |
| 5. Transmission Equipment          | 9087.24  | 803.41   |
| 6. Telephone                       | 1.92     | 12.03    |
| 7. G-PoN                           | 1798.39  | 0.00     |
| 8. DWDM                            | 0.00     | 0.00     |
| 9. SOLAR PANEL                     | 0.00     | 0.00     |
| 10. SWAN                           | 97.40    | 808.36   |
| 11. APDRP                          | 1710.16  | 3182.98  |
| 12. IT PRODUCTS                    | 5054.25  | 1244.51  |
| 13. NGN                            | 2683.23  | 6290.00  |
| 14. NFS                            | 4101.55  | 52404.81 |
| 15. Others                         | 5986.40  | 2472.25  |
| TOTAL                              | 38642.67 | 68957.83 |

## Service Income under broad heads

|                |         |         |
|----------------|---------|---------|
| 1. AMC         | 3798.92 | 3400.90 |
| 2. SSTP        | 946.02  | 659.87  |
| 3. NPR         | 1928.21 | 5124.01 |
| 4. SECC        | 5055.00 | 5187.22 |
| 5. Data Center | 2039.18 | 1483.11 |
| 6. IT          | 703.31  | 966.50  |
| 7. SWAN        | 61.80   | 0.00    |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| 8. GSM  | 16043.69         | 15592.08         |
| 9. NFS  | 66078.18         | 1374.86          |
| 10. Others  | 25772.21         | 22586.67         |
| <b>TOTAL</b>  | <b>122426.53</b> | <b>56375.22</b>  |
| Earnings in Foreign Currency                        |                  |                  |
| 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             |

### Note No.28

#### II- OTHER INCOME

##### a) Interest Income

|   |       |        |
|---|-------|--------|
| i) Interest on Inter Corporate Advances | 0.00  | 0.00   |
| ii) Interest - Others                   | 99.95 | 226.59 |

**Total** **99.95** **226.59**

b) Dividend from Non-Trading Investments 0.00 0.00

c) Net Gain/Loss on Sale of Investment 0.00 0.00

##### d) Other Non-operating income (Net of expenses directly attributable to such income)

|                                    |      |      |
|------------------------------------|------|------|
| i) Profit on Sale of Assets        | 0.00 | 0.00 |
| Less: Transfer to Capital Reserves | 0.00 | 0.00 |

**TOTAL** **0.00** **0.00**

|   |          |         |
|---|----------|---------|
| ii) Commission                                  | 0.00     | 0.00    |
| iii) Rent                                       | 1544.28  | 1809.57 |
| iv) Lease Rent                                  | 0.00     | 0.00    |
| v) Transport Charges                            | 0.23     | 0.25    |
| vi) Sale of Scrap                               | 23.47    | 13.07   |
| vii) Water Charges/Electricity Charges          | 6.31     | 3.05    |
| viii) Forfeited Bank Guarantee                  | 0.00     | 0.00    |
| ix) Excess Provision Withdrawn                  | 0.00     | 846.90  |
| x) Reimbursement of VRS                         | 0.00     | 0.00    |
| xi) Withdrawal of Liability no Longer Required* | 11578.49 | 5787.35 |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| xii) Waiver of Liquidated Damages  | 0.00             | 36.43            |
| xiii) Compensation for Srinagar Loss   | 223.49           | 344.00           |
| xiv) Waiver of Interest Charges  | 0.00             | 0.00             |
| xv) Misc. Income   | 1043.18          | 413.67           |
| xvi) Transfer from Revenue Grant-in-Aid  | 19600.00         | 38152.00         |
| xvii) Revenue Grant-in-Aid - VRS   | 3371.58          | 0.00             |
| xviii) Revenue Grant-in-Aid  | 93.74            | 93.74            |
| xix) Transfer from Capital Grant-in-Aid  | 2.22             | 375.95           |
| <b>TOTAL (i to xix)</b>  | <b>37487.00</b>  | <b>47875.97</b>  |
| 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) | 0.00             | 343.98           |
| <b>G.TOTAL</b>   | <b>37586.95</b>  | <b>48446.54</b>  |

\*Includes reversal of excess liability in Palakkad unit ₹9662.11 lakhs and Corporate office ₹1894.21 during the year.

**Note No.29**

## Consumption of Raw Materials &amp; Production Stores

|  |                 |                 |
|--|-----------------|-----------------|
| Opening Stock  | 5751.97         | 5870.92         |
| ADD: Prior Period Adjustment due to Price Revision           | 0.00            | 0.00            |
| Purchases/Transfers  | 10966.76        | 4532.15         |
| Material for Installation & Maintenance                      | 0.00            | 0.00            |
| <b>TOTAL</b>   | <b>16718.73</b> | <b>10403.07</b> |
| Less: Closing Stock  | 8160.66         | 5751.65         |
| Issue to Revenue and Others                                  | (621.30)        | 550.78          |
| Material Transferred to Other Units                          | 0.00            | 0.00            |
| <b>TOTAL</b>   | <b>7539.36</b>  | <b>6302.42</b>  |
| Add: Stores Indirect expenses relating to RM & Prodn. Stores | 78.15           | 32.69           |
| <b>CONSUMPTION</b>   | <b>9257.52</b>  | <b>4133.34</b>  |
| Raw materials consumed under broad heads                     |                 |                 |
| Particulars  | Amount          | Amount          |
| 1. Electronic Goods & Components                             | 6307.44         | 4125.62         |
| 2. MNIC  | 2950.08         | 7.71            |
| <b>Total</b>   | <b>9257.52</b>  | <b>4133.33</b>  |



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

₹ in Lakhs

| Particulars                         | As at 31.03.2017      | As at 31.03.2016       |
|-------------------------------------|-----------------------|------------------------|
| Value of Imports on CIF basis       | Current Year<br>TOTAL | Previous Year<br>TOTAL |
| Raw Materials and Production Stores | 4416.22               | 1271.22                |
| Components and Spare Parts          | 0.48                  | 1.16                   |
| Material in transit                 | 0.00                  | 0.00                   |
| Capital Goods                       | 2537.19               | 5508.10                |
| <b>TOTAL</b>                        | <b>6953.89</b>        | <b>6780.48</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 | Current Year |        | Previous Year |        |
|-------------|--------------|--------|---------------|--------|
|             | ₹<br>Lakhs   | %      | ₹<br>Lakhs    | %      |
| Imported    | 4258.27      | 44.57  | 1035.43       | 2.35   |
| Indigenous  | 5295.61      | 55.43  | 42994.12      | 97.65  |
| Total       | 9553.88      | 100.00 | 44029.55      | 100.00 |

### Note No.30

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| Purchase of Stock-in-Trade        | 51219.08        | 62824.69        |
| Goods purchased under broad heads |                 |                 |
| Particulars                       | Amount          | Amount          |
| 1. Telephone                      | 0.00            | 0.00            |
| 2. STM                            | 0.00            | 0.00            |
| 3. DWDM                           | 0.00            | 0.00            |
| 4. SOLAR                          | 12.96           | 0.00            |
| 5. SSTP                           | 0.00            | 0.00            |
| 6. CDMA                           | 0.00            | 0.00            |
| 7. SMPS                           | 0.00            | 0.00            |
| 8. ASCON                          | 617.42          | 263.43          |
| 9. GSM                            | 0.00            | 0.00            |
| 10. IT                            | 1537.50         | 574.71          |
| 11. APDRP                         | 1569.83         | 3318.04         |
| 12. Others                        | 47481.37        | 58668.51        |
| <b>TOTAL</b>                      | <b>51219.08</b> | <b>62824.69</b> |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| <b>Note No.31</b>  |                  |                  |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade                    |                  |                  |
| Accretion/(Decretion) to WIP   |                  |                  |
| WIP - Production :   |                  |                  |
| Closing Balance  | 3933.30          | 1994.49          |
| Less: Opening Balance  | 1994.49          | 2442.73          |
| <b>TOTAL</b>   | <b>1938.80</b>   | <b>(448.23)</b>  |
| Add: Write Off during the Year   | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/<br>Grossing up of Provision                | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>1938.80</b>   | <b>(448.23)</b>  |
| WIP - Installation:  |                  |                  |
| Closing Balance  | 0.00             | 0.00             |
| Less: Opening Balance  | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>0.00</b>      | <b>0.00</b>      |
| Add: Write Off during the Year   | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/<br>Grossing up of Provision                | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>0.00</b>      | <b>0.00</b>      |
| Accretion/(Decretion) to Manufacturing Components  |                  |                  |
| Closing Balance  | 974.61           | 1339.74          |
| Less: Opening Balance  | 1339.74          | 1053.31          |
| <b>TOTAL</b>   | <b>(365.13)</b>  | <b>286.43</b>    |
| Add: Write Off during the Year   | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/<br>Grossing up of Provision                | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>(365.13)</b>  | <b>286.43</b>    |
| WIP - Installation:  |                  |                  |
| Closing Balance  | 0.00             | 0.00             |
| Less: Opening Balance  | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>0.00</b>      | <b>0.00</b>      |
| Add: Write Off during the Year   | 0.00             | 0.00             |
| Less: Prior Period Adjustments due to Price Revision/<br>Grossing up of Provision/effects of WIP | 0.00             | 0.00             |
| <b>TOTAL</b>   | <b>0.00</b>      | <b>0.00</b>      |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| Accretion/(Decretion) to Stock-in-Trade                                       |                  |                  |
| Stock-in-Trade :  |                  |                  |
| Closing Balance   | 1860.65          | 1672.08          |
| Less: Opening Balance   | 1672.08          | 1554.06          |
| <b>Total</b>  | <b>188.57</b>    | <b>118.02</b>    |
| 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             |
| <b>TOTAL</b>  | <b>188.57</b>    | <b>118.02</b>    |
| Stock of Scrap  |                  |                  |
| Closing Balance   | 0.00             | 0.00             |
| Less: Opening Balance   | 0.00             | 0.00             |
| ADD : Prior Period Adjustments  | 0.00             | 0.00             |
| <b>TOTAL</b>  | <b>0.00</b>      | <b>0.00</b>      |
| <b>G.TOTAL</b>  | <b>1762.24</b>   | <b>(43.79)</b>   |

### Note No.32

#### EMPLOYEE BENEFIT EXPENSES:

##### i) SALARIES & WAGES :

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| Salaries & Wages              | 20103.81        | 23550.00        |
| Less: Other Revenue Accounts  | 0.00            | 0.00            |
| <b>TOTAL</b>                  | <b>20103.81</b> | <b>23550.00</b> |
| Bonus                         | 4.51            | 0.00            |
| Wage revision arrear payments | 0.00            | 0.00            |
| Incentive                     | 43.61           | 60.46           |
| <b>G.TOTAL</b>                | <b>20151.93</b> | <b>23610.46</b> |

##### ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:

|  |                |                |
|--|----------------|----------------|
| Providend Fund & Pension Fund            | 2125.23        | 2750.83        |
| Employees State Insurance                | 1.85           | 1.27           |
| Gratuity Trust Fund                      | (29.40)        | 3015.73        |
| Leave Salary- PL                         | (806.64)       | 592.73         |
| Sick Leave                               | (50.83)        | (158.54)       |
| Deposit Linked Insurance/Group Insurance | 17.47          | 51.04          |
| <b>TOTAL</b>                             | <b>1257.68</b> | <b>6253.06</b> |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| iii) WORKMEN AND STAFF WELFARE EXPENSES  |                  |                  |
| Welfare Expenses - Canteen   | 280.54           | 282.40           |
| Welfare Expenses - Education   | 414.16           | 396.86           |
| Medical Expenses   | 617.45           | 744.45           |
| LTC/LLTC   | 43.19            | 144.96           |
| Uniforms   | 11.58            | 20.04            |
| Others   | 66.02            | 61.07            |
| <b>TOTAL</b>   | <b>1432.94</b>   | <b>1649.79</b>   |
| iv) VOLUNTARY RETIREMENT SCHEME  |                  |                  |
| VRS Payments   | 3371.59          | 0.00             |
| <b>G.TOTAL</b>   | <b>26214.15</b>  | <b>31513.30</b>  |
| Compensation to employees of the company opted for Voluntary Retirement during 2016-17 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 recognised as 'Other Income'. | 0.00             | 0.00             |

## Remuneration paid to Key Management Personnel

[As required under AS-18]

|  | 2016-17 | 2015-16 |
|--|---------|---------|
|  | ₹       | ₹       |
| Shri. Gopu -Designate CMD & Director (HR) -Salary and Perquisites            | 13.34   | 14.01   |
| Shri. PK Gupta - Ex.CMD & Director (Marketing) - Salary and Perquisites      | 16.61   | 14.72   |
| Shri. Dr. Janaki Ananthakrishnan -Director (Finance) -Salary and Perquisites | 26.48   | 12.48   |
| Shri Alagesan K - Director (Production) - Salary and Perquisites             | 13.72   | 2.35    |
| Shri K.K.Gupta - Ex.CMD & Director (Production) - Salary and Perquisites     | 0.00    | 15.81   |
| Shri. K.L.Dhingra - Ex.CMD - Salary and Perquisites                          | 0.00    | 8.33    |

## DISCLOSURE REPORT UNDER AS15[REVISED 2005]

## Defined Benefit Plan

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.

## Gratuity

Privilege  
Leave  
Encashment

## I. PRINCIPAL ACTUARIAL ASSUMPTIONS

[Expressed as weighted averages]

|  | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
|--|------------|------------|------------|------------|
| Discount Rate                          | 6.85%      | 7.57%      | 6.85%      | 7.57%      |
| Salary escalation rate                 | 5.00%      | 8.00%      | 5.00%      | 8.00%      |
| Attrition rate                         | 21.68%     | 14.25%     | 21.68%     | 14.25%     |
| Expected rate of return on Plan Assets | 9.00%      | 10.00%     | 0.00%      | 0.00%      |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016           | As at 31.03.2016 | As at 31.03.2016 |
|---|------------------|----------------------------|------------------|------------------|
| In the following tables, all amounts are in Rupees, unless otherwise stated                                       |                  |                            |                  |                  |
|   | Gratuity         | Privilege Leave Encashment |                  |                  |
| <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   | 29174.49         | 31942.14                   | 11970.73         | 13359.58         |
| Interest Cost   | 2208.51          | 2491.49                    | 906.18           | 1042.05          |
| Current service cost  | 762.68           | 1004.89                    | 337.59           | 425.80           |
| 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   | (7902.67)        | (5939.14)                  | (1980.30)        | (1596.10)        |
| Actuarial loss/(gain) on obligation (balancing figure)  | (1847.88)        | (324.89)                   | (1791.53)        | (1260.60)        |
| PVO as at the end of the period   | 22395.13         | 29174.49                   | 9442.69          | 11970.73         |
| <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   | 8994.86          | 1741.00                    | 0.00             | 0.00             |
| Expected return on plan assets  | 989.43           | 174.10                     | 0.00             | 0.00             |
| Contributions   | 9300.00          | 13000.00                   | 0.00             | 0.00             |
| Benefits paid   | (7902.67)        | (5939.14)                  | 0.00             | 0.00             |
| Actuarial gain/(loss) on plan assets [balancing figure]   | 163.28           | (14.10)                    | 0.00             | 0.00             |
| Fair value of plan assets as at the end of the period   | 11544.90         | 8994.86                    | 0.00             | 0.00             |
| <b>IV. ACTUAL RETURN ON PLAN ASSETS</b>   |                  |                            |                  |                  |
| Expected return on plan assets  | 8994.86          | 1741.00                    | 0.00             | 0.00             |
| Actuarial gain/(loss) on plan assets  | 163.28           | (14.10)                    | 0.00             | 0.00             |
| Actual return on plan assets  | 1152.71          | 160.00                     | 0.00             | 0.00             |
| <b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>  |                  |                            |                  |                  |
| Actuarial gain / (loss) for the period - Obligation   | 1847.89          | 324.89                     | 1791.53          | 1229.86          |
| Actuarial gain / (loss) for the period- Plan Assets   | (163.28)         | 14.10                      | 0.00             | 0.00             |
| Total (gain) / loss for the period  | (2011.16)        | (310.79)                   | (1791.53)        | (1229.86)        |
| Actuarial (gain) / loss recognized in the period  | (2011.16)        | (310.79)                   | (1791.53)        | (1229.86)        |
| 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   | 22395.13         | 29174.49                   | 9442.69          | 11970.74         |
| Fair value of plan assets   | 11544.90         | 8994.86                    | 0.00             | 0.00             |
| Difference  | (10850.23)       | (20179.63)                 | (9442.69)        | (11970.74)       |
| Unrecognised transitional liability   | 0.00             | 0.00                       | 0.00             | 0.00             |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 |            | As at 31.03.2016 |            |
|--|------------------|------------|------------------|------------|
| Unrecognised past service cost - non vested benefits                           | 0.00             | 0.00       | 0.00             | 0.00       |
| Liability recognized in the balance sheet                                      | (10850.23)       | (20179.63) | (9442.69)        | (11970.74) |
| <b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS.</b>           |                  |            |                  |            |
| Current service cost   | 762.68           | 1004.89    | 337.59           | 425.80     |
| Interest Cost  | 2208.51          | 2491.49    | 906.18           | 1042.05    |
| Expected return on plan assets   | (989.43)         | (174.10)   | 0.00             | 0.00       |
| Net actuarial (gain)/loss recognised in the year                               | (2011.16)        | (310.79)   | 0.00             | 0.00       |
| Transitional Liability recognised in the year                                  | 0.00             | 0.00       | 0.00             | (1260.59)  |
| 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                        | (29.40)          | 3011.49    | (547.75)         | 207.26     |
| <b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>        |                  |            |                  |            |
| Opening net liability  | 29174.49         | 31942.14   | 11970.74         | 13359.58   |
| Expense as above   | (29.40)          | 3011.49    | (547.75)         | 207.26     |
| Contribution paid  | (7902.67)        | (5939.14)  | 1980.30          | (1596.10)  |
| Closing net liability  | 22395.13         | 29174.49   | 9442.69          | 11970.74   |
| <b>IX. AMOUNT FOR THE CURRENT PERIOD</b>                                       |                  |            |                  |            |
| Present Value of obligation  | 22395.13         | 29174.49   | 9442.69          | 11970.74   |
| Plan Assets  | 11544.90         | 8994.86    | 0.00             | 0.00       |
| Surplus (Deficit)  | (10850.23)       | (20179.63) | (9442.69)        | (11970.74) |
| Experience adjustments on plan liabilities -(loss)/gain                        | 524.69           | 160.80     | 1212.48          | 1184.21    |
| Experience adjustments on plan assets -(loss)/gain                             | 163.28           | (14.10)    | 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%          | 100.00%    | 0.00%            | 0.00%      |
| Others - PSU Bonds   | 0.00%            | 0.00%      | 0.00%            | 0.00%      |
| Total  | 100.00%          | 100.00%    | 0.00%            | 0.00%      |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017  | As at 31.03.2016  |
|--|-------------------|-------------------|
| XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR  | 1254.76           | 2801.89           |
|  | 1274.55           | -                 |
| 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. | <b>Sick Leave</b> |                   |
| I. PRINCIPAL ACTUARIAL ASSUMPTIONS<br>[Expressed as weighted averages]   | <u>31/03/2017</u> | <u>31/03/2016</u> |
| Discount Rate  | 6.85%             | 7.57%             |
| Salary escalation rate   | 5.00%             | 8.00%             |
| Attrition rate   | 21.68%            | 14.25%            |
| Expected rate of return on Plan Assets   | 0.00%             | 0.00%             |
| II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:   | 2016-17           | 2015-16           |
| PVO as at the beginning of the period  | 192.18            | 350.73            |
| Interest Cost  | 14.55             | 27.36             |
| Current service cost   | 4.97              | 6.89              |
| 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)   | (70.33)           | (192.80)          |
| PVO as at the end of the period  | 141.37            | 192.18            |
| III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:  |                   |                   |
| 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              |
| IV. ACTUAL RETURN ON PLAN ASSETS   |                   |                   |
| 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              |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| <b>V. ACTUARIAL GAIN / LOSS RECOGNIZED</b>                              |                  |                  |
| Actuarial gain / (loss) for the period - Obligation                     | 70.33            | 192.80           |
| Actuarial gain / (loss) for the period- Plan Assets                     | 0.00             | 0.00             |
| Total (gain) / loss for the period                                      | (70.33)          | (192.80)         |
| Actuarial (gain) / loss recognized in the period                        | (70.33)          | (192.80)         |
| Unrecognized actuarial (gain) / loss at the end of the year             | 0.00             | 0.00             |
| <b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b> |                  |                  |
| Present value of the obligation   | 141.37           | 192.18           |
| Fair value of plan assets   | 0.00             | 0.00             |
| Difference  | (141.37)         | (192.18)         |
| Unrecognised transitional liability                                     | 0.00             | 0.00             |
| Unrecognised past service cost - non vested benefits                    | 0.00             | 0.00             |
| Liability recognized in the balance sheet                               | (141.37)         | (192.18)         |
| <b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>    |                  |                  |
| Current service cost  | 4.97             | 6.88             |
| Interest Cost   | 14.55            | 27.35            |
| Expected return on plan assets  | 0.00             | 0.00             |
| Net actuarial (gain)/loss recognised in the year                        | (70.33)          | (192.80)         |
| Transitional Liability recognised in the year                           |                  |                  |
| 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                 | (50.81)          | (158.55)         |
| <b>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b> |                  |                  |
| Opening net liability   | 192.18           | 350.73           |
| Expense as above  | (50.81)          | (158.55)         |
| Contribution paid   | 0.00             | 0.00             |
| Closing net liability   | 141.37           | 192.18           |
| <b>IX. AMOUNT FOR THE CURRENT PERIOD</b>                                |                  |                  |
| Present Value of obligation   | 141.37           | 192.18           |
| Plan Assets   | 0.00             | 0.00             |
| Surplus (Deficit)   | (141.37)         | (192.18)         |
| Experience adjustments on plan liabilities -(loss)/gain                 | 60.42            | 191.57           |
| Experience adjustments on plan assets -(loss)/gain                      | -                | -                |



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

₹ in Lakhs

| Particulars   | As at 31.03.2017     | As at 31.03.2016      |                   |                   |
|---|----------------------|-----------------------|-------------------|-------------------|
| X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)   |                      |                       |                   |                   |
| 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%                 |                   |                   |
| <b>Total</b>  | <b>0.00%</b>         | <b>0.00%</b>          |                   |                   |
|   |                      |                       |                   |                   |
| XI. ENTERPRISE’S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR   | 15.95                | -                     |                   |                   |
| The obligation for Leave Travel Consession is a non contributory defined benefit scheme. The Obligation for LTC Availment & LLTC Encashment is recognized based on Actuarial Valuation which is unfunded. | <b>LTC availment</b> | <b>LTC Encashment</b> |                   |                   |
| I. PRINCIPAL ACTUARIAL ASSUMPTIONS<br>[Expressed as weighted averages]  | <u>31/03/2017</u>    | <u>31/03/2016</u>     | <u>31/03/2017</u> | <u>31/03/2016</u> |
| Discount Rate Year 1  | 6.85%                | 7.57%                 | 0.00%             | 0.00%             |
| Discount Rate Year 2  | 0.00%                | 0.00%                 | 0.00%             | 0.00%             |
| Attrition rate  | 5.00%                | 14.25%                | -                 | -                 |
| Present Value Obligation  | 180.07               | 184.78                | -                 | -                 |
| <b>Note No.33</b>   |                      |                       |                   |                   |
| FINANCE COSTS   |                      |                       |                   |                   |
| i)INTEREST EXPENSE:   |                      |                       |                   |                   |
| Cash Credit   | 12356.24             |                       | 12818.85          |                   |
| Public Deposits   | 0.00                 |                       | 0.00              |                   |
| Bonds   | 0.00                 |                       | 0.00              |                   |
| Term Loan   | 0.00                 |                       | 0.00              |                   |
| Others  | 1684.70              |                       | 2250.57           |                   |
| ii) Bank charges  | 1220.57              |                       | 646.05            |                   |
| 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              |                   |
| <b>TOTAL</b>  |                      | <b>15261.52</b>       |                   | <b>15715.47</b>   |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| 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 2017-2018. |                  |                  |
| <b>Note No.34</b>  |                  |                  |
| DEPRECIATION AND AMORTIZATION EXPENSES:  |                  |                  |
| Fixed Assets   | 1694.45          | 1288.37          |
| Tools and Gauges   | 0.00             | 1.80             |
| <b>TOTAL</b>   | <b>1694.45</b>   | <b>1290.17</b>   |
| Less: Transfer from Revaluation Reserve*   | 0.00             | 0.00             |
| Net Depreciation   | 1694.45          | 1290.17          |
| *Refer Accounting Policy No. 7.04 for changes in accounting policy   |                  |                  |
| <b>Note No.35</b>  |                  |                  |
| OTHER EXPENDITURE:   |                  |                  |
| DRE Written off  | 0.00             | 0.00             |
| VRS Expenditure  | 0.00             | 0.00             |
| MANUFACTURING EXPENSES:  |                  |                  |
| Consumption of Stores and Spares   | 296.36           | 209.03           |
| Power and Light  | 1505.03          | 1449.17          |
| Water Charges  | 272.99           | 286.45           |
| REPAIRS AND MAINTENANCE:   |                  |                  |
| i)Plant Machinery and Equipment  | 115.74           | 127.65           |
| ii)Vehicles  | 38.81            | 21.56            |
| iii)Buildings  | 716.90           | 465.24           |
| iv)Other Equipments  | 177.01           | 85.48            |
| Cost and Expenses on Tools   | 0.00             | 0.00             |
| Experimental Work and Training Expenses  | 16.99            | 39.50            |
| Expenses on Minor Equipment & Work   | 0.00             | 0.00             |
| Royalty  | 0.00             | 0.00             |
| Scrap and Salvages   | 0.35             | 1.90             |
| Factory Expenses   | 806.73           | 348.36           |
| TOT CHARGES:   |                  |                  |
| i)Technical Assistance   | 0.00             | 0.00             |
| ii)Technical Knowhow fee   | 20.06            | 0.00             |

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

₹ in Lakhs

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| iii) Documentation Charges  | 0.00             | 0.00             |
| iv) Training Assistance   | 0.00             | 0.00             |
| v) Others   | 0.00             | 0.00             |
| Liquidated Damages  | 2557.31          | 523.51           |
| Demurage Charges  | 0.01             | 0.35             |
| 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>6524.29</b>   | <b>3558.22</b>   |
| <b>ADMINISTRATION EXPENSES:</b>   |                  |                  |
| Rent  | 184.36           | 217.04           |
| Rates and Taxes   | 220.36           | 93.57            |
| Insurance   | 48.57            | 78.97            |
| <b>TRAVELLING EXPENSES</b>  |                  |                  |
| -Inland   | 353.61           | 298.02           |
| -Foreign  | 0.00             | 0.00             |
| Legal fees  | 70.60            | 61.94            |
| Postage, Telegram, Telex Expenses   | 32.22            | 32.92            |
| Telephone and Trunk Call Charges  | 83.83            | 90.36            |
| <b>REMUNERATION TO AUDITORS:</b>  |                  |                  |
| -Audit Fees   | 11.54            | 14.52            |
| -For Taxation Matters   | 1.13             | 0.28             |
| -For Company Law Matters  | 0.00             | 0.00             |
| -For Management Services  | 0.00             | 0.00             |
| -For Reimbursement of Expenses  | 0.36             | 0.35             |
| -For Other Services   | 5.70             | 3.25             |
| CISF/ Private Security Expenses   | 713.48           | 613.36           |
| Printing, Stationary and Duplicating Charges  | 51.87            | 60.13            |
| Transport Expenses  | 360.85           | 413.00           |
| News Papers, Magazines & Periodicals  | 18.43            | 20.89            |
| Mechanised Accounting Expenses  | 4.25             | 0.81             |
| Lease Charges   | 0.00             | 0.00             |
| Licence fee/Segment Charges   | 0.22             | 6.40             |
| Office Expenses   | 379.78           | 318.01           |
| Provision for Obsolescence of RM Stores   | 149.74           | 0.00             |
| Obsolete RM & Production Stores Write off   | 0.00             | 0.00             |
| Provision for Capital WIP Write off   | 0.00             | 0.00             |

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

₹ in Lakhs

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| Provision for Debtors/Advance  | 273.58           | 0.00             |
| Bad Debts Write off  | 0.00             | 0.00             |
| Claims and Expenses Charge off   | 660.78           | 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>3625.25</b>   | <b>2323.83</b>   |
| <b>SELLING EXPENSES</b>  |                  |                  |
| Selling Agency Commission  | 0.07             | 0.12             |
| Advertisement Expenses   | 49.02            | 33.07            |
| Exhibition and Publicity Expenses  | 0.84             | 0.88             |
| Packing Expenses   | 45.28            | 23.73            |
| Forwarding Expenses  | (51.21)          | 18.97            |
| Discount Allowed   | 0.00             | 0.00             |
| Warrenty Expenses  | 75.25            | 4.20             |
| Sales Promotion Expenses   | 0.92             | 0.61             |
| Entertainment Expenses   | (6.43)           | (3.93)           |
| Cost of Tender Forms   | 2.13             | 1.52             |
| <b>TOTAL SELLING EXPENSES</b>  | <b>115.86</b>    | <b>79.18</b>     |
| <b>TOTAL OTHER EXPENSES</b>  | <b>10265.41</b>  | <b>5961.23</b>   |
| 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.  |                  |                  |
| Expenditure in Foreign Currency :  |                  |                  |
| 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             |
| <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             |
| <b>TOTAL</b>   | <b>0.00</b>      | <b>0.00</b>      |

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

₹ in Lakhs

| Particulars                                       | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| <b>Note No.37</b>                                 |                  |                  |
| PRIOR PERIOD ADJUSTMENTS( NET)                    |                  |                  |
| INCOME  |                  |                  |
| Sales & Services                                  | 0.00             | 0.00             |
| Withdrawal of Liability no Longer Required        | 93.23            | 0.00             |
| Interest  | 0.00             | 0.00             |
| Others  | 22.82            | 0.00             |
| <b>TOTAL</b>                                      | <b>116.05</b>    | <b>0.00</b>      |
| EXPENDITURE                                       |                  |                  |
| Consumption of Raw material and Production Stores | 0.00             | 10.57            |
| Interest  | 0.00             | 0.00             |
| Depreciation and others                           | 139.72           | 325.15           |
| <b>TOTAL</b>                                      | <b>139.72</b>    | <b>335.72</b>    |
| NET PRIOR PERIOD ADJUSTMENTS                      | (23.67)          | (335.72)         |
| <b>Note No.38</b>                                 |                  |                  |
| EXCEPTIONAL ITEMS                                 |                  |                  |
| Grant in Aid from Government                      | 0.00             | 0.00             |
| Wage arrears                                      | 0.00             | 0.00             |
| VRS Payments                                      | 0.00             | 0.00             |
|   | 0.00             | 0.00             |
| <b>Note No.39</b>                                 |                  |                  |
| Extra Ordinary Items                              | 16471.00         | 11250.00         |

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

₹ in Lakhs

| Particulars   | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|---|-------------------------|--------------------------|
| <b>Note No.40</b>   |                         |                          |
| 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 ₹15414.75 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1087.91 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).  |                         |                          |
|   | <b>2016-17</b>          | <b>2015-16</b>           |
|   | ISL                     | ISL                      |
| Purchase of goods\Services  | 0.00                    | 0.00                     |
| Sale of goods\Services  | 0.00                    | 0.00                     |
| Amount Outstanding:   |                         |                          |
| - Due from the related party  | 0.00                    | 0.00                     |
| - Due to the related party  | 0.00                    | 0.00                     |
| Provision for doubtful debts against dues from related party.   | 0.00                    | 0.00                     |
| Written Off during the Year   | 0.00                    | 0.00                     |
| b) Remuneration paid to Key Management Personnel  |                         |                          |
| [As required under AS-18]   |                         |                          |
| Shri. Gopu -Designate CMD & Director (HR) -Salary and Perquisites   | 13.34                   | 14.01                    |
| Shri. P.K Gupta - Ex.CMD & Director (Marketing) - Salary and Perquisites  | 16.61                   | 14.72                    |
| Shri. Dr.Janaki Ananthakrishnan -Director (Finance) -Salary and Perquisites   | 26.48                   | 12.48                    |
| Shri Alagesan K - Director (Production) - Salary and Perquisites  | 13.72                   | 2.35                     |
| Shri K.K.Gupta - Ex.CMD & Director (Production) - Salary and Perquisites  | 0.00                    | 15.81                    |
| Shri. K.L.Dhingra - Ex.CMD - Salary and Perquisites   | 0.00                    | 8.33                     |

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

₹ in Lakhs

| Particulars  | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|--|-------------------------|--------------------------|
| 7 a) Earnings Per Share before Extraordinary items and prior period Items :  |                         |                          |
| Profit before Extraordinary items & Prior period Items   | 14041.07                | 14204.43                 |
| (-) Preference Dividend  | 2275.00                 | 2275.00                  |
| Dividend tax   | 463.14                  | 463.14                   |
| Profit available to equity shareholders  | 11302.93                | 11466.29                 |
| No. of Shares at beginning of the year   | 288000000               | 288000000                |
| No. of Shares at the end of the year.  | 560000000               | 288000000                |
| Weighted average no of shares during the period  | 410000000               | 288000000                |
| Earning per equity share after extraordinary items: Basic & Diluted ( in ₹ )   | 2.76                    | 3.98                     |
| b) Earnings Per Share after Extraordinary items & Prior period items :   |                         |                          |
| Profit after tax   | 30488.41                | 25118.71                 |
| (-) Preference Dividend  | 2275.00                 | 2275.00                  |
| Dividend tax   | 463.14                  | 463.14                   |
| Profit available to equity shareholders  | 27750.26                | 22380.57                 |
| No. of Shares at beginning of the year   | 288000000               | 288000000                |
| No. of Shares at the end of the year.  | 560000000               | 288000000                |
| Weighted average no of shares during the period  | 410000000               | 288000000                |
| Earning per equity share after Exceptional and Prior Period Items: Basic & Diluted( in ₹ )   | 6.77                    | 7.77                     |
| 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 Consequent to the waiver of Government Bond fee during the year ,the company had written back the earlier provision made for ₹1894.21 lakhs.   |                         |                          |
| 10 JOINT VENTURES:   |                         |                          |
| The financial reporting of interests in Joint Ventures as per AS-27:   |                         |                          |
| (a) India Satcom Limited   |                         |                          |
| No.2, Kadugodi Industrial Area,<br>Whitefield, Bangalore - 560 067   |                         |                          |

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

₹ in Lakhs

| Particulars  | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|--|-------------------------|--------------------------|
| Company's stake in equity participation  |                         | 49%                      |
| Place of incorporation of JV-India   |                         | 49%                      |
| (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 2016-17 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                     |
| Commitments in respect of other contracts not provided for-  |                         | 0.00                     |
| 12 a) Contingent Liability in respect of   |                         |                          |
| - Outstanding letters of credit & guarantees   | 43172.21                | 18747.46                 |
| - Sales Tax demand /Service Tax/ Income Tax  | 3191.03                 | 3721.50                  |
| - Non receipt of C/D forms   | 38331.54                | 24167.76                 |
| - Excise Duty Demand/CENVAT Disallowance   | 2546.53                 | 2639.98                  |
| - ESI demand   | 0.00                    | 0.00                     |
| - Demand of interest & penalty by KVAT   | 226.04                  | 0.00                     |
| - Claims against the Company not acknowledged as debts   | 3993.55                 | 3833.42                  |
| - Unexpired Guarentees   | 7452.55                 | 0.00                     |
| b) Pending litigations:-   |                         |                          |
| (i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. 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 ₹17623.71 lakhs.   |                         |                          |
| (iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.  |                         |                          |
| (v) Bruhat Bengaluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka. 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 2016-17 awaiting reimbursement from Ministry of Communications & IT. Against the compensation recognized during financial year 2015-16, a sum of ₹ Nil lakhs has been received during financial year 2016-17.   | 223.49                  | 344                      |



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

₹ in Lakhs

| Particulars   | Current Year<br>2016-17 |        | Previous Year<br>2015-16 |        |
|---|-------------------------|--------|--------------------------|--------|
| 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   | %                       |        | %                        |        |
| Imported  | 4258.27                 | 44.57  | 1035.43                  | 2.35   |
| Indigenous  | 5295.61                 | 55.43  | 42994.12                 | 97.65  |
| Total   | 9553.88                 | 100.00 | 44029.55                 | 100.00 |
| 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 shares were allotted against that during financial year 2016-17 and additionally ₹80 Crores received towards equity in financial year 2016-17. Further, ₹360.71 crores received as Revenue Grant towards employee benefit expense and employee related statutory dues during the financial year 2016-17. Out of ₹360.71 Crores, ₹164.71 crores were given towards employee benefit expense incurred during March 2016 and statutory dues pertaining to prior years and the same has been treated as an extra ordinary item as per Accounting Policy adopted by the Company. The company has also received ₹15500 lakhs towards VRS expenditure, out of which ₹3371.59 lakhs has been spent towards VRS during FY 2016-17 and ₹3350 lakhs have been transferred to units/Ros for meeting the expenditure and the balance ₹21.59 lakhs will be transferred during FY 2017-18. The balance amount laying in Escrow account as on 31.03.2017 is ₹12150.00 lakhs. |                         |        |                          |        |
| 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 valuing ₹194.70 Crores (Market value) have been resumed by the Govt of Kerala and 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   | 4416.22                 |        | 1271.22                  |        |
| Components and Spare Parts  | 0.48                    |        | 1.16                     |        |
| Material in transit   | 0.00                    |        | 0.00                     |        |
| Capital Goods   | 2537.19                 |        | 5508.10                  |        |
| TOTAL   | 6953.89                 |        | 6780.48                  |        |

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

₹ in Lakhs

| Particulars   | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|---|-------------------------|--------------------------|
| 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 ₹6087.42 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16 & 2016-17 on accrual basis is deferred, which is in conformity with AS-9.  |                         |                          |
| 24 Disclosure On Specified Bank Notes (SBNs)<br>During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes(SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per notification is given below: |                         |                          |

Amount in ₹

| Particulars                                  | SBNs*<br>(A) | Other<br>Denomination Notes<br>(B) | Grand Total<br>C= (A+B) |
|--|--------------|------------------------------------|-------------------------|
| Closing cash in hand as on November 8, 2016  | 1,812,000    | 677,757                            | 2,489,757               |
| Add: Permitted receipts                      | 201,000      | 7,863,154                          | 8,064,154               |
| Less : Permitted payments                    | -            | 3,691,045                          | 3,691,045               |
| Less: Amount deposited in Banks              | 2,013,000    | 2,814,500                          | 4,827,500               |
| Closing cash in hand as on December 30, 2016 | -            | 2,035,366                          | 2,035,366               |

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

## 25 Performance Indicators - Ratios

|   |       |      |      |
|---|-------|------|------|
| - Sales to Total Assets   | Times | 0.29 | 0.21 |
| Sales incl. ED / Total Assets<br>(Net Fixed Assets + Investments +<br>Gross Current Assets) |       |      |      |
| - Operating Profit to Capital employed  | [%]   | -ve  | -ve  |
| Profit before tax / (Share<br>holders' funds + Loan funds)                                  |       |      |      |
| - Return on Net Worth   | [%]   | -ve  | -ve  |
| (Profit after tax / Share holders'<br>funds)  |       |      |      |
| - Profit to Sales   | [%]   | -ve  | -ve  |
| (Profit before tax to sales incl.<br>ED & Service Tax)                                      |       |      |      |

## 26 Extraordinary item represents grants received from Department of Telecommunications as a compensation for the expenses incurred in the earlier accounting periods towards employee benefit expense and employee related statutory liabilities.

## Particulars

- 27 During the previous 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 was in the process of identifying the assets whose life is expired as on April 01, 2015 and upon completion of reconciliation of the WDV of those assets whose useful life is expired has been transferred to retained earnings as provided in Note 7(b) to Schedule II of the Companies Act 2013.
- 28 In the absence of financial statements of Joint Venture Company, India Satcom Limited for the year ended March 31, 2017, consolidated financial statements of the Company could not be prepared.
- 29 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.
- 30 Figures in brackets indicated in the Accounts reflect negative balances.
- 31 The Financial statements for the year as approved by the Board of Directors and the report thereon issued by the statutory Auditors were revised pursuant to C&AG's audit observation during the course of audit under sec 143 (6)(a) of the Companies Act, 2013, by amending Note No. 40.9 and amending Note No. 40.16. This amendment has no impact on the reported figure in the financial statements.

As per our report of even date

**For Sundar Srini & Sridhar**

Chartered Accountants

Firm Reg. No.: 004201S

**R. Jayasankar**

Partner

M. No. 026298

**S. Shanmuga Priya**

Company Secretary

**Dr. Janaki Ananthakrishnan**

Director-Finance/Chief

Financial Officer

DIN: 07247256

**S. GOPU**

Director-HR

Addl.

Charge CMD

DIN: 06896926

Place: Bangalore

Date: 22.08.2017

**REVENUE EXPENDITURE ON AMENITIES 2016-17**

₹ 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. | 2016-17      | 2015-16      |
|---|--------------|-------------|--------------|-------------|---|------------------------------------|--------------|--------------|
| Pay and Allowances                                    | 6.11         | 1.88        | 4.30         | 1.18        | 0.09  | 0.15                               | 13.71        | 15.90        |
| Uniforms  | 0.00         | 0.00        | 0.00         | 0.00        | 0.00  | 0.00                               | 0.00         | 0.00         |
| Grants  | 0.00         | 0.00        | 0.00         | 0.00        | 1.88  | 0.00                               | 1.88         | 1.80         |
| Supplies and Other Services                           | 0.02         | 1.35        | 4.95         | 3.00        | 0.06  | 0.09                               | 9.47         | 10.39        |
| Power, light & water                                  | 3.48         | 0.07        | 0.07         | 0.12        | 0.03  | 0.02                               | 3.79         | 4.60         |
| Transport Charges                                     | 0.00         | 1.66        | 0.00         | 0.00        | 0.00  | 0.00                               | 1.66         | 1.56         |
| Rent, Rates, Taxes and Insurance                      | 0.66         | 0.02        | 0.00         | 0.02        | 0.00  | 0.00                               | 0.70         | 1.72         |
| Maintenance and repairs                               | 1.26         | 0.30        | 0.12         | 0.02        | 0.04  | 0.37                               | 2.11         | 1.86         |
| Depreciation - Buildings                              | 0.16         | 0.01        | 0.07         | 0.07        | 0.14  | 0.00                               | 0.45         | 0.68         |
| Depreciation - Plant, Machinery, Equipment & Vehicles | 0.62         | 0.03        | 0.00         | 0.00        | 0.00  | 0.00                               | 0.65         | 0.72         |
| General Overheads                                     | 0.01         | 0.03        | 0.02         | 0.03        | 0.00  | 0.00                               | 0.09         | 0.10         |
|   | 12.32        | 5.35        | 9.53         | 4.44        | 2.24  | 0.63                               | 34.51        | 37.60        |
| <b>LESS :</b>   |              |             |              |             |   |                                    |              |              |
| Recoveries / adjustments                              |              |             |              |             |   |                                    |              |              |
| Rent  | 15.48        | 0.00        | 0.00         | 0.00        | 0.00  | 0.00                               | 15.48        | 13.65        |
| Power, Light & Water                                  | 1.68         | 0.00        | 0.00         | 0.00        | 0.00  | 0.00                               | 1.68         | 2.25         |
| Transport Charges                                     | 0.00         | 0.07        | 0.00         | 0.00        | 0.00  | 0.00                               | 0.07         | 0.15         |
| Capitation & other Recoveries                         | 0.00         | 0.00        | 0.15         | 0.00        | 0.01  | 0.00                               | 0.16         | 0.33         |
| Sales proceeds  | 0.00         | 0.00        | 0.00         | 0.17        | 0.00  | 0.00                               | 0.17         | 0.13         |
| Indirect expenses                                     | 0.00         | 0.00        | 0.00         | 0.45        | 0.00  | 0.00                               | 0.45         | 0.13         |
| Allocated to Township, Medical and office use         | 0.00         | 0.00        | 0.00         | 0.00        | 0.00  | 0.00                               | 0.00         | 0.00         |
|   | 17.16        | 0.07        | 0.15         | 0.62        | 0.01  | 0.00                               | 18.01        | 16.64        |
| Net Expenditure                                       | -4.84        | 5.28        | 9.38         | 3.82        | 2.23  | 0.63                               | 16.50        | 20.96        |
| Interest on Capital outlay notional                   | 0.32         | 0.35        | 0.20         | 0.18        | 0.07  | 0.00                               | 1.12         | 1.20         |
| <b>TOTAL EXPENDITURE</b>                              | <b>-4.52</b> | <b>5.63</b> | <b>9.58</b>  | <b>4.00</b> | <b>2.30</b>   | <b>0.63</b>                        | <b>17.62</b> | <b>22.16</b> |
| <b>Previous year</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> |

## CAPITAL EXPENDITURE ON AMENITIES 2016-17

| PARTICULARS   | GROSS BLOCK AT COST |             |                                |             |                |
|---|---------------------|-------------|--------------------------------|-------------|----------------|
|   | AS AT               | ADDITIONS   | ASSETS                         | TRANSFERS   | AS AT          |
|   | 31-03-2016          | DURING      | SOLD/                          | AND         | 31-03-2017     |
|   |                     | THE YEAR    | SCRAPPED<br>DURING<br>THE YEAR | ADJUSTMENTS |                |
|   | 1                   | 2           | 3                              | 4           | 5=1+2-3-4      |
| TOWNSHIP  | 1097.26             | 0.07        | 0.00                           | 0.00        | 1097.33        |
| TRANSPORT   | 5.96                | 0.00        | 0.00                           | 0.00        | 5.96           |
| MEDICAL   | 7.77                | 0.01        | 0.00                           | 0.00        | 7.78           |
| CANTEEN   | 6.45                | 0.00        | 0.00                           | 0.00        | 6.45           |
| SCHOOL CLUBS,<br>AUDITORIUM SOCIAL AND<br>CULTURAL ACTIVITIES | 13.42               | 0.00        | 0.00                           | 0.00        | 13.42          |
| VEGETABLE FARMS,<br>PARKS ETC.                                | 0.05                | 0.00        | 0.00                           | 0.00        | 0.05           |
| <b>TOTAL</b>  | <b>1130.91</b>      | <b>0.08</b> | <b>0.00</b>                    | <b>0.00</b> | <b>1130.99</b> |

₹ in Crores

| DEPRECIATION       |                 |   |                                 | NET BLOCK          |                     |                     |
|--------------------|-----------------|---|---------------------------------|--------------------|---------------------|---------------------|
| UPTO<br>31-03-2016 | FOR THE<br>YEAR | ASSETS<br>SOLD/<br><br>SCRAPPED<br>DURING<br>THE YEAR | TRANSFERS<br>AND<br>ADJUSTMENTS | UPTO<br>31-03-2017 | AS AT<br>31-03-2017 | AS AT<br>31-03-2016 |
| 6                  | 7               | 8   | 9                               | 10=6+7-8-9         | 11=5-10             | 12                  |
| 104.96             | 0.13            | 0.00  | 0.00                            | 105.09             | 992.24              | 992.28              |
| 5.75               | 0.04            | 0.00  | 0.00                            | 5.79               | 0.17                | 0.22                |
| 3.42               | 0.01            | 0.00  | 0.00                            | 3.43               | 4.35                | 4.35                |
| 3.02               | 0.02            | 0.00  | 0.00                            | 3.04               | 3.41                | 3.44                |
| 5.62               | 0.02            | 0.00  | 0.00                            | 5.64               | 7.78                | 7.80                |
| 0.03               | 0.00            | 0.00  | 0.00                            | 0.03               | 0.02                | 0.02                |
| <b>122.80</b>      | <b>0.22</b>     | <b>0.00</b>   | <b>0.00</b>                     | <b>123.02</b>      | <b>1007.97</b>      | <b>1008.11</b>      |

## Form No. MR-3

### Secretarial Audit Report for the financial year ended 31st March 2017

[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 2017 (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 2017 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; -
  - 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 the 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 the 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. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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
- The company has not consolidated financial statements with its joint venture viz., India Satcom Ltd. (for the year ended 31st March 2016) in terms of first Proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014.
- Non-Maintenance of proper fixed assets registers.

**b) Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Compliance with SEBI (Listing Obligations & Disclosure Requirements) (LODR) Regulations, 2015 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, we draw attention that:

- Cumulative Redeemable Preference shares amounting to Rs. 30,000.00 Lakhs, overdue for redemption, shown under share capital since the redemption is part of the BIFR package envisaged for the Company.
- The provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential issue of equity shares is made in terms of Rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the sick industrial Companies (Special Provisions) Act, 1985.

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 at least 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. All decisions at Board Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors as the case may be.

- 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.

Place : Bangalore  
Date : 07th August 2017

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 C P No. 7773

**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.

Place : Bangalore  
Date : 07th August 2017

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 C P No. 7773

## 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 2017, 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.

The Board of directors amended the accounts approved by them on May 28th, 2017 based on the Comptroller & Auditor General's audit observations during the course of audit under Section 143(6)(a) of the Companies Act, 2013 by amending Note No.40 serial number 9 and amending Note No. 40 serial number 16 and incorporating serial number 31 to Note No 40. This amendment/insertion have no impact on the reported figure in the financial statements. Consequent to amendment of serial No.9 to Note No. 40, our report has been revised by removing the emphasis drawn by us earlier on this matter. The amended accounts have been approved by the Directors in their Board Meeting held on August 22nd , 2017.

### 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 of 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, 2017 were Rs. 17708.46 lakhs against which provision of Rs. 3479.82 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, 2017 were Rs.227913.64 lakhs against which a sum of Rs. 4651.61 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 31.03.2016 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, further based on the information furnished to us, BMTC additionally occupies 1.85 acres), has not been recognised as income. A sum of Rs 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) Refer Note No 3 on inventories under 'Significant Accounting Policies'. Raw materials, components and stores purchased for manufacturing/production activities are valued at lower of cost and net realisable value, after providing for obsolescence, if any. Cost is calculated on weighted average rate as at the end of the year. Total value of inventories at Naini Unit as at March 31, 2017 is Rs. 1258.12 lakhs. Statutory Auditors of the said unit have qualified their report stating that they were unable to comment whether inventories were valued as per the principles laid out in Accounting Standard 2 on "Valuation of Inventories" read with the Company's Accounting Policy as detailed workings were not made available to them for verification.
- (k) The Statutory Auditors of the Mankapur Unit have qualified their report stating that sufficient and appropriate audit evidence were not provided with respect to opening and closing balances of bank accounts, trade receivables, claims recoverable, loans and advances, inventories, materials with fabricators, sub-contractors/others, material in transit, deposits, loans and other payables/receivables. Auditors have further stated that opening balances may not be free from misstatement and may have impact on current year financial statements.
- (l) Age wise classification of Short term loans and Advances amounting to Rs 1277.10 lakhs , which are classified as 'Considered Good' is not available at the Naini unit so the Statutory Auditors of the said unit were unable to comment on the old outstanding of Such advances and their provisioning in the books of accounts by the unit.

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

**Qualifications quantifiable**

- (a) Non provision of Rs. 8853.64 lakhs towards claims doubtful of recovery comprising of
  - (i) rent receivable of Rs 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 Rs 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 Rs. 183.23 lakhs and Rs. 82.90 lakhs respectively;
  - (iv) Amount recoverable to an extent of Rs. 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.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the various matters described in the 'Basis of Qualified Opinion' paragraph above, the aforesaid 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 2017 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 Rs 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) The Company is Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of Rs. 4156.79 Crores in February, 2014, for Revival of ITI under Rehabilitation Scheme (Refer Note No. 40.16)
- (f) 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)
- (g) 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)
- (h) Validity of Claims recoverable from DoT towards loss incurred by Srinagar Unit. A sum of Rs. 344.00 lakhs and a sum of Rs. 223.49 lakhs is pending from DoT for the loss incurred by the said unit in FY 2015-16 and for FY 2016-17 respectively.
- (i) The Statutory Auditors of Rae Bareilly without qualifying their opinion have stated that On random checking of cash vouchers, payment of Rs. 0.86 lakhs was found unsupported. Possibility of more such vouchers could not be ruled out. Such payments prima-facie appears to be embezzlement which needs management attention.

**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 Rs. 489545.54 Lakhs as at March 31, 2017, total revenues of Rs. 116454.88 Lakhs and Loss after tax of Rs. 9087.23 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 Rs. 49050.79 Lakhs as at March 31, 2017, total revenues of Rs. 18207.39 Lakhs and Profit after tax of Rs. 277.42 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 matters described in the Basis of Qualified opinion paragraph above, 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) The matters described in the basis of qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - h) 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". Our Report expresses a disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

- i) 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 required to be transferred to the Investor Education and Protection Fund by the Company
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. However, necessary information was not provided by Naini and Srinagar Units to the Statutory Auditors Concerned and no disclosure was made by the said units in its Financial Statements. However, Management has obtained necessary details and included the same in the Note No referred below. Disclosures pertaining to holdings as well as dealings in Specified Bank Notes by other units and regional offices are based on the report of the Other Auditors and certificate given by the management respectively. Refer Note 40.24 to the financial statements
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: August 22, 2017



## Annexure - A to the Auditor's 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 2017, 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 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. In case of Rae Bareli Unit, on the basis of the Report of the other auditors, we report that the Fixed Assets Register was not provided for verification to the statutory auditors concerned.
  - (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 (other than plant and machinery), 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. In case of Naini Unit, on the basis of the Report of the other auditors, we report that the physical verification certificate was not provided for verification to the statutory auditors concerned.
  - (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. Further In case of Naini Unit, on the basis of the Report of the other auditors, we report that the physical verification certificate was not provided for verification to the statutory auditors concerned.
- 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 and on the basis of Report of the Other Auditors, 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 Rs 761.68 lakhs and Rs. 7681.27 lakhs and Rs 4327.65 lakhs and Rs. 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 Rs.1.23 lakhs pending as arrears towards Employees State Insurance pertaining to Bangalore NS Unit and further a sum of Rs. 57.13 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. Statutory Auditors of Naini have qualified their Report with respect to non-provisioning of service tax liability on the payments made under works contract as a service receiver; hence provisions of Section 68 of the Finance Act, 1994 have not been complied with.
- (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 Rs. Lakhs | Period to which the dispute relates | Forum where the dispute is pending             |
|---------|--------------------------|---|---------------------|-------------------------------------|--|
| 1       | Central Excise Act, 1944 | Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs.200.00 lakhs)           | 637.00              | 2003-2005                           | Custom Excise & Service Tax Appellate Tribunal |
| 2       | Central Excise Act, 1944 | ED Demanded on R&D prototype modules for field trail. Stay extended (Net of Pre deposit Rs.30.00 lakhs) | 299.00              | 2006-07                             | Custom Excise & Service Tax Appellate Tribunal |
| 3       | Central Excise Act, 1944 | Duty Short paid   | 0.99                | 1998-99                             | Custom Excise & Service Tax Appellate Tribunal |
| 4       | Central Excise Act 1944  | Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs. Rs.14.00)  | 496.76              | 2001-2002<br>2002-2003              | Custom Excise & Service Tax Appellate Tribunal |
| 5       | Central Excise Act 1944  | CENVAT Credit   | 376.00              | 2007-2008                           | Custom Excise & Service Tax Appellate Tribunal |

|    |                                  |   |         |                               |  |
|----|----------------------------------|---|---------|-------------------------------|--|
| 6  | 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         |
| 7  | UP VAT                           | Sales Tax   | 264.89  | 1986-1989                     | UP Government  |
| 8  | UP VAT                           | Sales Tax   | 15.32   | 1989-1996                     | UP Government  |
| 9  | UP VAT                           | Sales Tax   | 158.12  | 1987-1989 1996-1998 2000-2002 | UP Government  |
| 10 | UP VAT                           | Sales Tax   | 429.96  | 1987-1989 1996-1998 2000-2002 | Member Tribunal  |
| 11 | Income Tax Act, 1961             | Penalty/Additional fees For TDS                                   | 19.48   | 2007-2016                     | CPC (TDS)  |
| 12 | Finance Act, 1994                | Service Tax   | 8435.14 | 2009-10 to 2013-14            | Tribunal Allahabad                                     |
| 13 | Finance Act, 1994                | Service Tax   | 1992.19 | 2009-10 to 2013-14            | Tribunal Allahabad                                     |
| 14 | Central Sales Tax, 1956          | Demand of Additional Tax against Form C                           | 1013.98 | 2005-2006                     | Addl Commissioner, Appeals Commercial Tax, Allahabad   |
| 15 | Central Sales Tax, 1956          | Demand of Additional Tax against Form C                           | 2.64    | 2007-08                       | Dy. Commissioner sector 14, Commercial Tax, Allahabad  |
| 16 | Central Sales Tax, 1956          | Demand of additional Tax Against Form C/F                         | 9.23    | 2008-09                       | Addl Commissioner, Appeals Commercial Tax, Allahabad   |
| 17 | Central Sales Tax, 1956          | Addl. Commissioner Appeals Commercial Tax Allahabad               | 7.48    | 2009-10                       | Joint Commissioner, Commercial Tax, Allahabad          |
| 18 | Central Sales Tax, 1956          | Demand of Additional Tax Against Form C/F                         | 60.57   | 2010-11                       | Dy. Commissioner sector 14, Commercial Tax, Allahabad  |
| 19 | Central Sales Tax, 1956          | Remand Order against appeal granted                               | 10.96   | 2011-12                       | Addl Commissioner, Appeals Commercial Tax, Allahabad   |
| 20 | Central Sales Tax, 1956          | Remand Order against appeal granted                               | 96.17   | 2012-13                       | Dy. Commissioner sector 14, Commercial Tax, Allahabad  |
| 21 | Central Sales Tax, 1956 UP – VAT | Demand of Tax   | 86.75   | 2013-14                       | Addl Commissioner( Appeals), Commercial Tax, Allahabad |
| 22 | Central Sales Tax, 1956          | Sales Tax   | 97.72   | 2006-2007                     | High Court of Kerala                                   |
| 23 | Central Sales Tax, 1956          | Sales Tax   | 0.88    | 2009-2010                     | Appeal at Tribunal, Palakkad                           |

|    |                                    |  |                 |  |   |
|----|------------------------------------|--|-----------------|--|---|
| 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 | Service Tax (Finance Act, 1994)    | Service Tax                                    | 109.44          | 2010-2011  | Commissioner of Central Excise, Calicut                       |
| 27 | Central Excise Act, 1944           | Provision for obsolescence                     | 52.28           | 2011-2012  | Commissioner of Central Excise, Calicut                       |
| 28 | Service Tax (Finance Act, 1994)    | Service Tax                                    | 140.34          | 2011-2012  | Commissioner of Central Excise, Calicut                       |
| 29 | Service Tax (Finance Act, 1994)    | Denial of service Tax Credit on Input Services | 161.27          | 2011-2012  | Commissioner of Central Excise, Calicut                       |
| 30 | Service Tax (Finance Act, 1994)    | CENVAT Credit on Man-power supply              | 2.76            | 2012-2013  | Commissioner of Central Excise, Calicut                       |
| 31 | Service Tax (Finance Act, 1994)    | CENVAT Credit on Man-power supply              | 2.69            | 2012-2013  | Commissioner Calicut  |
| 32 | Sales Tax Act                      | Sales Tax                                      | 280.86          | 2000-2001<br>2001-2002<br>2003-2004<br>2005-2006 | Trade Tax Tribunal, Lucknow                                   |
| 33 | Sales Tax & Entry Tax Act          | Sales Tax                                      | 234.05          | 1998-1999<br>2000-2005<br>2006-2009              | Additional Commissioner (TradeTax ) Lucknow                   |
| 34 | Sales Tax Act                      | Sales Tax                                      | 0.93            | 2000-2001  | Dy. Commissioner (Trade Tax) RBL                              |
| 35 | Sales Tax                          | Sales Tax                                      | 423.57          | 2009-2013  | Additional Commissioner (TradeTax ) Lucknow                   |
| 36 | Karnataka Municipalities Act, 1964 | Demand for higher rate of property tax         | 1360.90         | 2008-to<br>2015-16                               | High Court of Karnataka                                       |
| 37 | Karnataka VAT Act, 2003            | Turnover Suppression                           | 26.47           | 2013-14  | Commercial Tax Officer, Thirupunithura                        |
| 38 | Karnataka VAT Act, 2003            | Turnover Suppression                           | 48.92           | 2014-15  | Appellate Assistant Commissioner, Commercial Taxes, Ernakulam |
|    |                                    | <b>Total</b>                                   | <b>17623.71</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. The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.
- 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: August 22, 2017

## **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 2017 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, 2017

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, 2017

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: August 22, 2017

**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 2016-17

| S.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 gift/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: August 22, 2017



**Compliance Certificate**

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2017 in accordance with the directions / sub – directions issued by the C & AG 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  
Membership No: 026298

Place: Bangalore  
Date: August 22, 2017

**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, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of ITI Limited, for the year ended 31 March 2017 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/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the 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 August 22, 2017.

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 Limited for the year ended 31 March 2017. 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. In view of the revision(s) made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. 40.31 of the financial statements, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of  
Comptroller General of India

Place : Delhi  
Date: 28.08.2017

**(P. K. TIWARI)**  
DIRECTOR GENERAL OF AUDIT (P&T)



## ATTENDANCE SLIP

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

I hereby record my presence at the 67th Annual General Meeting held on Wednesday, the 27th September, 2017 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    | : ..... |

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 : \_\_\_\_\_

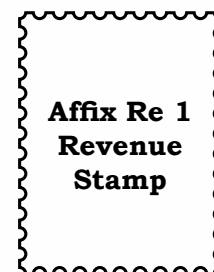
as my/our proxy to vote for me /us and on my/our behalf at the 67th Annual General Meeting of the Company to be held on Wednesday, the 27th September 2017 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No | Resolution(s)   |
|--------|---|
| 1      | Adoption of the audited financial statements for the year ended 31.03.2017 and the Reports of the Board of Directors and Auditors thereon |
| 2      | Re-appointment Shri K Alagesan, Director who retires by rotation  |
| 3      | Re-appointment of Dr. Janaki Ananthakrishnan, Director who retires by rotation  |
| 4      | Fixation of remuneration of Statutory and Branch Auditor  |
| 5      | Appointment of Lt Gen A R Prasad, Director as Government Nominee Director   |
| 6      | Appointment of Smt Asha Kumari Jaswal, as Independent Director  |
| 7      | Ratification of remuneration payable to the Cost Auditors   |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holders (s): \_\_\_\_\_



## 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.