

Ref: K/NSE&BSE/BM/2020

Date: 26.06.2020

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400 001
Scrip Code: 523610

The Manager
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Scrip Code: ITI

Dear Sir/Madam,

Sub: **Audited Financial Results (Standalone and Consolidated) for the Quarter and Year Ended 31st March 2020**

Ref: **Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the captioned subject, this is to inform that with the recommendation of the Audit Committee the Board of Directors in its Meeting held on 26th June 2020 approved the Financial Results for the Quarter and Year Ended 31st March 2020.

Please find herewith the following documents:

1. Audited Consolidated Financial Results for the Quarter and Year Ended 31st March 2020;
2. Statement of Consolidated Assets and Liabilities for the Year Ended 31st March 2020;
3. Consolidated Cash Flow Statement for the Year Ended 31st March 2020;
4. Statutory Auditor's Report on Consolidated Financial Results for the Quarter and Year Ended 31st March 2020;
5. Audited Standalone Financial Results for the Quarter and Year Ended 31st March 2020;
6. Statement of Assets and Liabilities for the Year Ended 31st March 2020;
7. Standalone Cash Flow Statement for the Year Ended 31st March 2020;
8. Statutory Auditor's Report on Standalone Financial Results for the Quarter and Year Ended 31st March 2020; and
9. Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) on:
 - a. Consolidated Financial Results for the Quarter and Year Ended 31st March 2020; and
 - b. Standalone Financial Results for the Quarter and Year Ended 31st March 2020

The Board Meeting commenced at 10.35 am and concluded at 1.50 pm.

This is for your kind information and records please.

Thanking you

Yours faithfully
For ITI Limited



S Shanmuga Priya
Company Secretary

Encl: as above

ITI Limited, Registered and Corporate Office, ITI Bhavan, Doorvaninagar, Bengaluru-560 016, India

आईटीआई लिमिटेड, पंजीकृत एवं निगमित कार्यालय, आईटीआई भवन, दुरवाणीनगर, बेंगलूरु 560 016, भारत

Phone : +(91) (60) 2561 4466, Fax : +(91) (080) 2561 7525, Website : www.itild-india.com

CIN : L3220KA1950GOI000640

company_secretary@itild.co.in



ITI LIMITED
Reg. & Corporate Office,
ITI Bhavan, Doorvaninagar, Bangalore-560016
Website: www.itiltd-india.com
Email Address: "cosecy_crp@itiltd.co.in"
CIN No: L32202KA1950GOI000640

Statement of Consolidated Audited Financial Results for the Quarter and Year Ended 31st March 2020

₹ In Lakhs except per share data

SL No	Particulars	Quarter Ended			Year ended	
		31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	Revenue from Operations	65,048	82,795	63,291	2,05,887	1,66,837
	Other Income	1,243	15,087	1,385	18,371	33,647
	Total Revenue	66,291	97,882	64,676	2,24,258	2,00,484
2	Expenses					
	(a) Cost of Materials Consumed & Services	19,411	68,115	48,257	1,20,255	1,06,765
	(b) Purchase of stock-in-trade	31,563	2,603	2,982	41,868	32,164
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(3,599)	(1,388)	(1,489)	(4,029)	(1,129)
	(d) Employee benefits expense	6,256	5,586	4,586	23,082	20,422
	(e) Finance costs	3,594	3,577	1,452	14,066	10,647
	(f) Depreciation and amortisation expense	949	1,155	1,291	4,189	3,709
	(g) Other expenses	4,471	1,408	723	9,741	18,652
	Total Expenses	62,645	81,056	57,802	2,09,172	1,91,230
3	Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (1 - 2)	3,646	16,826	6,874	15,086	9,254
4	Prior period Items	-	-	-	-	-
5	Profit / (Loss) before exceptional, extraordinary items and tax (3 + 4)	3,646	16,826	6,874	15,086	9,254
6	Exceptional Items	-	-	-	-	-
7	Profit / (Loss) before extraordinary items and	3,646	16,826	6,874	15,086	9,254
8	Extraordinary items	-	-	-	-	-
9	Profit / (Loss) before tax (7 + 8)	3,646	16,826	6,874	15,086	9,254
10	Tax Expense:					
	(1) Current Tax	-	-	-	-	-
	(2) Deferred Tax	-	-	-	-	-
11	Profit / (Loss) for the period (9 - 10)	3,646	16,826	6,874	15,086	9,254
12	Other comprehensive Income/(Loss)					
	Items not to be reclassified to Profit or Loss in subsequent period	(1,053)	444	(1,681)	214	2,040
	Other comprehensive Income/(Loss) for the	(1,053)	444	(1,681)	214	2,040
13	Total comprehensive Income for the period (comprising profit/Loss) and other comprehensive Income for the period (11+12)	2,593	17,270	5,193	15,300	11,294
14	Paid up equity share capital (Face value of ₹10/- each)	92,512	89,700	89,700	92,512	89,700
15	i) Earnings Per Share (before extraordinary items and prior period Items) (of ₹10/- each):					
	(a) Basic	0.29	1.79	1.00	1.59	0.79
	(b) Diluted	0.29	1.79	1.00	1.59	0.79
	ii) Earnings Per Share (after extraordinary items and prior period Items) (of ₹10/- each):					
	(a) Basic	0.29	1.79	1.00	1.59	0.79
	(b) Diluted	0.29	1.79	1.00	1.59	0.79
	See accompanying note to the Financial Results					





NOTES:

1	The above financial results for the year ended 31.03.2020 were reviewed by the Audit Committee on 25.06.2020 and upon its recommendations, were approved by the Board of Directors at their meeting held on 26.06.2020																																			
2	These results have been prepared in accordance with the IND AS notified under the companies (Indian Accounting Standards) Rules 2015, as amended.																																			
3	The Company has received ₹300 crores as Grant from GOI towards redemption of: a) 1,00,00,000, 8.75% Cumulative redeemable preference shares, Face value of ₹100/ each, of ₹100 crores issued on 14.02.2003 to MTNL, and the same was redeemed on 05.09.2019 at board meeting held on 04.09.2019. b) 2,00,00,000, 7% Cumulative redeemable preference shares, Face value of ₹100/ each, of ₹200 crores issued on 04.06.2003 to BSNL, and the same was redeemed on 06.09.2019 at board meeting held on 04.09.2019.																																			
4	The Dept of Telecommunications (DoT), GOI has allocated Grant of ₹8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹85.40 Crore in the current financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with Ind AS 20 the amount has been recognised the Grant of ₹8540 lacs as " Other Income".																																			
5	Revenue for the quarter ended 31st March 2020 of ₹65048 lakhs and ₹205887 lakhs for the year ended 31st March 2020, includes ₹50203 lakhs which has been recognised as 'Unbilled Revenue'																																			
6	Other Income includes ₹1243 Lakhs for the quarter ended 31st March 2020 and ₹18371 lakhs for the year ended 31st March 2020, which represent ₹4407.04 lakhs provisions / liabilities written back/ no-longer required related to earlier years.																																			
7	Other Expense for the year ended 31.03.2020 includes ₹242.60 lakhs represents, unrealisable debts written off .																																			
8	The company has incurred an amount of ₹1744.41 lakhs towards PL encashment liabilities related to earlier years. In accordance with Ind AS 8 the amount has been considered as "Prior Period adjustments" and deducted under the head "Other Equity"																																			
9	The Company had filed the Red herring prospectus for FPO (Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account (under the head "Other Equity"), which is in accordance with the Section 52 of the Companies Act 2013.																																			
10	The Company has allotted 2,81,19,508 equity shares issued at Rs 56.90 to the President of India on 23.3.2020, against capital grant of Rs 160 crores received from Government of India. The Capex receipt of Rs. 16000 lakhs and allotment of equity shares is made pursuant to BIFR order dated 08.01.2013.																																			
11	Disclosure related to the impact of Global health pandemic COVID-19 on Financial Statements. The company has estimated from internal sources that there is a decrease of around 10%-15% in turnover due to COVID-19. Further, due to the nationwide lockdown from 23rd March 2020 the operations of the company were resumed in limited manner from the second week of May 2020 onwards. Further, as the major customers are Government departments therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course. however temporary delay in payment realisations was observed during the first quarter of FY 2020-21 which is likely to continue during second quarter as well. The future impact of Global health pandemic is uncertain and may be different from that estimated as at the date of approval of these Financial Statements. The Company will closely monitor any material changes in future economic conditions.																																			
12	Corresponding Quarter figures have been regrouped/restated wherever necessary to conform with the current period's classification																																			
13	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. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exempted companies engaged in the Defence production from the requirement of Segment Reporting.																																			
14	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 crore in February, 2014, for revival of ITI under Rehabilitation Scheme.																																			
15	ITI has invested in 49% of Equity Share Capital of its Joint Venture "India Satcom Limited" for the cost of ₹40.55 lakhs. According to Ind AS 28, the consolidation of interest in joint ventures can be done by using "Equity Method", wherein the share of investor in the net worth of investee can be directly taken as value of investment in the books of investor and the difference between old value and new value will be credited/debited to Other Comprehensive income as the investment in equity shares has been classified as "Equity Instruments through Other Comprehensive Income".																																			
16	The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date unaudited figures up to the third quarter of the current financial year																																			
17	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">₹ in Lakhs</th> </tr> <tr> <th style="text-align: center;">Quarter end 31.03.2020</th> <th style="text-align: center;">Year ended 31.03.2020</th> </tr> </thead> <tbody> <tr> <td>EPS calculation:</td> <td></td> <td></td> </tr> <tr> <td>Profit After Tax including Other Comprehensive income</td> <td style="text-align: right;">2,593</td> <td style="text-align: right;">15,300</td> </tr> <tr> <td>Less:</td> <td></td> <td></td> </tr> <tr> <td> Preference Dividend</td> <td style="text-align: right;">-</td> <td style="text-align: right;">982</td> </tr> <tr> <td>Profit available to equity shareholders</td> <td style="text-align: right;">2,593</td> <td style="text-align: right;">14,318</td> </tr> <tr> <td>No. of Shares at beginning of the period</td> <td style="text-align: right;">897000000</td> <td style="text-align: right;">897000000</td> </tr> <tr> <td>No. of Shares issued during the period.</td> <td style="text-align: right;">28119508</td> <td style="text-align: right;">28119508</td> </tr> <tr> <td>No. of Shares at the end of the period.</td> <td style="text-align: right;">925119508</td> <td style="text-align: right;">925119508</td> </tr> <tr> <td>Weighted average no of shares during the period</td> <td style="text-align: right;">899499512</td> <td style="text-align: right;">899499512</td> </tr> <tr> <td>Earning per equity share (for continuing operation): Basic & Diluted(in ₹)</td> <td style="text-align: right;">0.29</td> <td style="text-align: right;">1.59</td> </tr> </tbody> </table>		₹ in Lakhs		Quarter end 31.03.2020	Year ended 31.03.2020	EPS calculation:			Profit After Tax including Other Comprehensive income	2,593	15,300	Less:			Preference Dividend	-	982	Profit available to equity shareholders	2,593	14,318	No. of Shares at beginning of the period	897000000	897000000	No. of Shares issued during the period.	28119508	28119508	No. of Shares at the end of the period.	925119508	925119508	Weighted average no of shares during the period	899499512	899499512	Earning per equity share (for continuing operation): Basic & Diluted(in ₹)	0.29	1.59
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18	The above results are available at www.itild-india.com and website of stock exchanges at www.bseindia.com and nseindia.com.																																			

Particulars	Quarter ended	
	2020	
INVESTOR COMPLAINTS:		
Pending at the beginning of the quarter		Nil
Received during the quarter		1
Disposed of during the quarter		1
Remaining unresolved at the end of the quarter		Nil

As per our report of even date
For **SANKARAN & KRISHNAN**
Chartered Accountants
Firm Reg. No..003582S

V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bengaluru
Date : 26.06.2020

RAJEEV SRIVASTAVA
Chief Financial Officer

For **ITI LIMITED**
R N AGARWAL
Chairman & Managing Director





Statement of Consolidated Assets and Liabilities

₹ in Lakhs

Particulars	As at	As at
	31/03/2020	31/03/2019
	Audited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant & Equipment	2,62,529	2,62,696
(b) Capital work-in-progress	18,863	16,485
(c) Investment Property	6,748	6,756
(d) Goodwill	-	-
(e) Intangible assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets		
(i) Investments	3,799	3,976
(ii) Trade receivables	35,936	121
(iii) Loans	17	17
(iv) Others	-	-
(i) Deferred Tax Assets (net)	-	-
(j) Other non current assets	-	-
TOTAL	3,27,892	2,90,050
(2) Current assets		
(a) Inventories	17,334	14,876
(b) Financial Assets		
(i) Investments	-	-
(ii) Trade receivables	2,76,114	2,65,740
(iii) Cash and cash equivalents	3,978	2,670
(iv) Bank Balances other than (iii) above	20,529	17,683
(v) Loans	57,288	47,051
(vi) Unbilled Revenue	62,329	55,025
(vii) Others	-	-
(c) Current Tax Assets (Net)	-	-
(d) Other current assets	6,808	6,738
TOTAL	4,44,380	4,09,783
TOTAL	7,72,272	6,99,833
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	92,512	89,700
(b) Other Equity	1,44,416	93,605
TOTAL	2,36,928	1,83,305
Liabilities		
(1) Non-Current Liabilities		
(a) Government Grants	11,407	11,846
(b) Financial Liabilities		
(i) Borrowings	18,000	30,000
(ii) Trade Payables	-	-
(iii) Others	13,693	7,033
(c) Provisions	7,434	8,113
(d) Deferred Tax Liabilities (Net)	-	-
(e) Other Non-Current Liabilities	-	-
TOTAL	50,534	56,993
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,03,558	95,871
(ii) Trade payables	2,18,305	1,80,486
(iii) Others	89,932	1,13,107
(b) Provisions	12,704	10,609
(c) Current Tax Liabilities (Net)	-	-
(d) Other current liabilities	60,311	59,462
TOTAL	4,84,810	4,59,535
TOTAL	7,72,272	6,99,833

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants
Firm Reg No.:003582S



V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bengaluru
Date : 26.06.2020

RAJEEV SRIVASTAVA
Chief Financial Officer

For ITI LIMITED

R M AGARWAL
Chairman & Managing Director

ITI LIMITED

Consolidated Cash Flow Statement for the year ended 31.03.2020

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/(LOSS) BEFORE TAX	15085.84	9253.77
Adjustment For :		
Depreciation	4189.20	3709.16
Financing Charges	14065.88	10647.11
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1571.14)	(393.67)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(179.31)	0.00
Transfer From Grant-In-Aid	(8979.33)	(62.47)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	391.77	1831.69
Non-Cash Expenditure	1148.67	11708.09
OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	24151.58	36693.69
Adjustment For:		
Trade And Other Receivables	(64665.58)	(10628.11)
Inventories	(2804.24)	707.90
Trade Payables	23567.85	(24618.96)
Direct Taxes Paid	62.13	20.23
CASH GENERATED FROM OPERATIONS	(19688.26)	2174.75
CASH FLOW FROM OPERATING ACTIVITIES	(19688.26)	2174.75
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(6392.38)	(12781.72)
Sale Of Fixed Assets	179.31	0.00
Investments	0.00	0.00
Interest Received	1571.14	393.67
Dividend Received	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES [B]	(4641.93)	(12388.06)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Short Term Borrowings	(4312.29)	3238.45
Share Application Money	10500.00	5500.00
Adjustment with surplus	(3107.80)	0.00
Grant-In-Aid Received	39470.00	0.00
Financing Expenses	(14065.88)	(10647.11)
NET CASH USED IN FINANCING ACTIVITIES [C]	28484.03	(1908.67)
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	4153.85	(12121.98)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	20352.89	32474.85
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	24506.74	20352.89

Note:

The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

V.V. Krishnamurthy
Partner
M. No. 027044



For & On Behalf of Board of Directors

RAJEEV SRIVASTAVA
Chief Financial Officer

R M AGARWAL
Chairman & Managing Director

Place: Bengaluru
Date : 26.06.2020

SANKARAN & KRISHNAN
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ITI LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of ITI LIMITED its joint venture INDIA SATCOM LIMITED (together referred to as "the Company") and comprising of the consolidated Balance Sheet as at 31 March, 2020, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2020 and its consolidated PROFIT, consolidated changes in equity and its consolidated cash flows for the year ended on that date

Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Basis of Qualified Opinion

Qualifications not quantifiable

- i. 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 31.16);



- ii. 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.31.18.)

Our opinion is modified in respect of these matters.

Qualifications quantifiable

- i. Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT 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.31.22);

Our opinion is modified in respect of these matters.

Emphasis of matter

- i. We draw the attention to the following to Note 31.25 to the financial statements in which the company describes the impact arising from the Covid 19 pandemic.
- ii. We draw the attention to the following matters in the Notes to the financial statements:
- iii. 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 1
- iv. 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.31.17);
- v. Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, sub-contractors/others, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, Income Tax, GST, TDS, etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation and we are unable to comment on the impact of the same on the accounts of the company (Refer Note 31.4);
- vi. The Company is a 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 31.15)
- vii. Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- viii. 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 31.20)

Our opinion is not modified in respect of these matters.

Key Audit Matters



S. No	Key Audit Matters	Auditor's Response
1.	<p>The company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, the appropriateness of the basis used to measure the revenue recognized over a period. The Company adopted Ind AS 115 and applied the available exemption provided therein, not to restate the comparative periods</p> <p>Refer Notes 22 to the Consolidated Financial Statements</p>	<p><u>Principal Audit Procedures</u></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted, testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>Selected a sample of continuing and new contracts and performed the following procedures:</p> <ul style="list-style-type: none"> - Read, analysed the documents viz., Work Order and RFPs, POs and the Certificates furnished by the company for the stage of completion of various activities of the project. - Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the Unbilled Revenue recognised as income in the books of account duly certified by the concerned project/ unit and finance heads. Verified the approval by the Managing Committee vide Minutes dated 24.06.2020 placed and discussed at the Audit Committee and meeting held on 25.6.2020 - Compared these performance obligations with that identified and recorded by the Company. - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. - In respect of samples BhartNet- II projects, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems. - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2.	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments The Company has Trade receivable (Note Nos. 4a & 7.) of Rs. 312049.78 lakhs and Loan & Advances balances (Note Nos 5 & 9.) of Rs.570305.18 lakhs and Deposit with Government departments, taxes and duties of Rs 6808.26 lakhs. (Note No 10). Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the</p>	<p><u>Principal Audit Procedures</u></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> - Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis. - Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed. - Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the



	<p>manufacturing and sale of products, advance to Vendors and Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realisable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p>credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider, if any additional provision should be made;</p> <p>-Tested subsequent settlement of trade and receivables after the balance sheet date on a sample basis, if any.</p> <p>-We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p>
3.	<p>Disputes and potential litigations: Refer to Note 31.11 in the consolidated financial statements: -</p> <p>The Company is involved in legal proceedings on disputed tax demands. The company/s management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon. Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Company are responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid. The respective Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

Other Matters

The financial information of the its joint venture viz., INDIA SATCOM LIMITED for the year ended 31 March 2020 included in these consolidated Ind AS financial statements, are prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us.

The consolidated Ind AS financial statements reflect assets of the joint venture viz., INDIA SATCOM LIMITED of Rs 3758.24 lakhs as "Investment under Equity Method" and includes its joint venture's share of net profit (including Other Comprehensive Income) of Rs 177.34 lakhs, whose financial statements have not been audited by us

These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture is based solely on the reports of the other auditors.



We consider only Land and Cash & Cash Equivalents of INDIA SATCOM LIMITED as reliable assets for calculation of Net Worth in conservative basis.

Other Matters

a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 485722.71 Lakhs as at March 31, 2020, total revenues of Rs.33921.41 Lakhs and Profit/ (Loss) after tax of (Rs 15621.74 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) The Company is having 8 Regional Offices located at Bangalore, Chennai, Hyderabad, New Delhi, Lucknow, Kolkata, Mumbai and Bhubaneswar. We have audited the financial statements of all 8 Regional Offices whose financial statements reflect total assets of Rs 67288.08 Lakhs as at March 31, 2020, total revenues of Rs 18664.17 Lakhs and Profit after tax of Rs 308.55. Lakhs for the year ended on that date, the audit of Regional Offices has been carried out remotely/electronically as permitted by the Principal Director of P&T Audit, Delhi vide letter dated 11th May 2020, in view of the current nationwide lockdown situation.

c) We draw attention to Note No 31.5 regarding disclosure of segment information as required under Ind AS 108.

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

Report on Other Legal and Regulatory Requirements

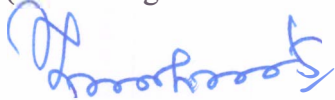
1. As required by Section 143(3) of the Act, we report to the extent applicable based on our audit that:

- 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.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated
- d) Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- e) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- 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, as amended 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 Consolidated financial statements. (Refer Note No 31.11 of Consolidated financial statements)
 - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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 B attached

For **SANKARAN & KRISHNAN**
Chartered Accountants
(Firm's Registration No. 003582S)



V.V. KRISHNAMURTHY
Partner
(Membership No.:027044)
UDIN 20027044AAAABK2324

Place: Bengaluru
Date : June 26, 2020

ANNEXURE “A” TO THE REVISED INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ITI Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of ITI LIMITED and its joint venture INDIA SATCOM LIMITED, which are companies incorporated in India, as of that date (together called the Company)

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company 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. 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 respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.



For SANKARAN & KRISHNAN
Chartered Accountants
(Firm's Registration No. 003582S)

V.V. KRISHNAMURTHY
Partner
(Membership No.: 027044)

Place: Bengaluru
Date : June 26, 2020

Annexure -B

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 2019-2020.

S.No.	Area	Auditor Comment
a)	Whether the Company has system in place to process all the accounting transactions outside IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT system. We observed that no accounting transactions are processed outside IT system on the integrity of the accounts
b)	Whether there are any restructuring of an existing loan or cases of waiver write off Debts/loans/Interest etc, made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.	During the financial year 2019-20, there are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to company/s inability to repay the loan. Attention is drawn to the Note 31.15 of the audited financial statements with reference to the status of the financial assistance of Rs 4156.79 crores approved by the Cabinet Committee of Economic Affairs (CCEA) in Feb 2014 for revival of ITI Ltd under Rehabilitation Scheme
c)	Whether funds received/ receivable for specific schemes from Central/ State Agencies were properly accounted for/ utilised as per its terms and conditions? List the cases of deviation.	The company, during the year of audit, has received Rs 10500 lacs from Dept of Telecommunications, Govt of India to meet the Capex implementation of various projects in its various plants., The funds were properly accounted for in the books of account. Out of the said funds released, Rs 37.75 Crore has been utilised for CAPEX, Rs 67.25 Crore was utilised towards working capital purposes

For Sankaran & Krishnan

Chartered Accountants

Firm Registration No: 003582S




V.V. KRISHNAMURTHY

Partner

Membership No: 027044

Place: Bengaluru

Date: June 26, 2020



ITI LIMITED
 Reg. & Corporate Office,
 ITI Bhavan, Doorvaninagar, Bangalore-560016
 Website: www.itilt-d-india.com
 Email Address: "cosecy_crp@itilt-d.co.in"
 CIN No: L32202KA1950GQ1000640

Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March 2020

₹ in Lakhs except per share data

SL No	Particulars	Quarter Ended			Year Ended	
		31-03-2020	31-12-2019	31-03-2019	31-03-2020	31-03-2019
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	Revenue from Operations	65,048	82,795	63,291	2,05,887	1,66,837
	Other Income	1,243	15,087	1,385	18,371	33,647
	Total Revenue	66,291	97,882	64,676	2,24,258	2,00,484
2	Expenses					
	(a) Cost of Materials Consumed & Services	19,411	68,115	48,257	1,20,255	1,06,765
	(b) Purchase of stock-in-trade	31,563	2,603	2,982	41,868	32,164
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(3,599)	(1,388)	(1,489)	(4,029)	(1,129)
	(d) Employee benefits expense	6,256	5,586	4,586	23,082	20,422
	(e) Finance costs	3,594	3,577	1,452	14,066	10,647
	(f) Depreciation and amortisation expense	949	1,155	1,291	4,189	3,709
	(g) Other expenses	4,471	1,408	723	9,741	18,652
	Total Expenses	62,645	81,056	57,802	2,09,172	1,91,230
3	Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (1 - 2)	3,646	16,826	6,874	15,086	9,254
4	Prior period Items	-	-	-	-	-
5	Profit / (Loss) before exceptional,extraordinary items and tax (3 + 4)	3,646	16,826	6,874	15,086	9,254
6	Exceptional Items	-	-	-	-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)	3,646	16,826	6,874	15,086	9,254
8	Extraordinary items	-	-	-	-	-
9	Profit / (Loss) before tax (7 + 8)	3,646	16,826	6,874	15,086	9,254
10	Tax Expense:					
	(1) Current Tax	-	-	-	-	-
	(2) Deferred Tax	-	-	-	-	-
11	Profit / (Loss) for the period (9 - 10)	3,646	16,826	6,874	15,086	9,254
12	Other comprehensive Income/(Loss)					
	Items not to be reclassified to Profit or Loss in subsequent period	(963)	451	(2,111)	392	1,832
	Other comprehensive Income/(Loss) for the period	(963)	451	(2,111)	392	1,832
13	Total comprehensive Income for the period (comprising profit/Loss) and other comprehensive Income for the period (11+12)	2,683	17,277	4,762	15,478	11,085
14	Paid up equity share capital (Face value of ₹10/- each)	92,512	89,700	89,700	92,512	89,700
15	i) Earnings Per Share (before extraordinary items and prior period Items) (of ₹10/- each):					
	(a) Basic	0.41	1.79	0.45	1.57	0.79
	(b) Diluted	0.41	1.79	0.45	1.57	0.79
	ii) Earnings Per Share (after extraordinary items and prior period Items) (of ₹10/- each):					
	(a) Basic	0.41	1.79	0.45	1.57	0.79
	(b) Diluted	0.41	1.79	0.45	1.57	0.79
	See accompanying note to the Financial Results					





NOTES:

1	The above financial results for the year ended 31.03.2020 were reviewed by the Audit Committee on 25.06.2020 and upon its recommendations, were approved by the Board of Directors at their meeting held on 26.06.2020
2	These results have been prepared in accordance with the IND AS notified under the companies (Indian Accounting Standards) Rules 2015, as amended.
3	The Company has received ₹300 crores as Grant from GOI towards redemption of: <ul style="list-style-type: none"> a) 1,00,00,000, 8.75% Cumulative redeemable preference shares, Face value of ₹100/ each, of ₹100 crores issued on 14.02.2003 to MTNL, and the same was redeemed on 05.09.2019 at board meeting held on 04.09.2019. b) 2,00,00,000, 7% Cumulative redeemable preference shares, Face value of ₹100/ each, of ₹200 crores issued on 04.06.2003 to BSNL, and the same was redeemed on 06.09.2019 at board meeting held on 04.09.2019.
4	The Dept of Telecommunications (DoT), GOI has allocated Grant of ₹8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹85.40 Crore in the current financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with Ind AS 20 the amount has been recognised the Grant of ₹8540 lacs as " Other Income".
5	Revenue for the quarter ended 31st March 2020 of ₹65048 lakhs and ₹205887 lakhs for the year ended 31st March 2020, includes ₹50203 lakhs which has been recognised as 'Unbilled Revenue'
6	Other Income includes ₹1243 Lakhs for the quarter ended 31st March 2020 and ₹18371 lakhs for the year ended 31st March 2020, which represent ₹4407.04 lakhs provisions / liabilities written back/ no-longer required related to earlier years.
7	Other Expense for the year ended 31.03.2020 includes ₹242.60 lakhs represents, unrealisable debts written off.
8	The Company had filed the Red herring prospectus for FPO (Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account (under the head "Other Equity"), which is in accordance with the Section 52 of the Companies Act 2013.
9	The company has incurred an amount of ₹1744.41 lakhs towards PL encashment liabilities related to earlier years. In accordance with Ind AS 8 the amount has been considered as "Prior Period adjustments" and deducted under the head "Other Equity"
10	Disclosure related to the impact of Global health pandemic COVID-19 on Financial Statements. The company has estimated from internal sources that there is a decrease of around 10%-15% in turnover due to COVID-19. Further, due to the nationwide lockdown from 23rd March 2020 the operations of the company were resumed in limited manner from the second week of May 2020 onwards. Further, as the major customers are Government departments therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course, however temporary delay in payment realisations was observed during the first quarter of FY 2020-21 which is likely to continue during second quarter as well. The future impact of Global health pandemic is uncertain and may be different from that estimated as at the date of approval of these Financial Statements. The Company will closely monitor any material changes in future economic conditions.
11	Corresponding Quarter figures have been regrouped/restated wherever necessary to conform with the current period's classification
12	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. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exempted companies engaged in the Defence production from the requirement of Segment Reporting.
13	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 crore in February, 2014, for revival of ITI under Rehabilitation Scheme.
14	The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date unaudited figures up to the third quarter of the current financial year.

₹ in Lakhs		
EPS calculation:	Quarter end	Year ended
	31-03-2020	31-03-2020
Profit After Tax	3,646	15,086
Less:		
Preference Dividend		982
Profit available to equity shareholders	3,646	14,103
No. of Shares at beginning of the period	897000000	897000000
No. of Shares issued during the period.	28119508	28119508
No. of Shares at the end of the period.	925119508	925119508
Weighted average no of shares during the period	899499512	897616318
Earning per equity share (for continuing operation): Basic & Diluted(in ₹)	0.41	1.57


16 The above results are available at www.itilt-india.com and website of stock exchanges at www.bseindia.com and nseindia.com.

Particulars	Quarter ended 31-03-2020
INVESTOR COMPLAINTS:	
Pending at the beginning of the quarter	Nil
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	Nil

As per our report of even date
For SANKARAN & KRISHNAN
 Chartered Accountants
 Firm Reg No.:003582S

V.V. Krishnamurthy
 Partner
 M. No. 027044
 Place: Bengaluru
 Date : 26.06.2020


RAJEEV SRIVASTAVA
 Chief Financial Officer

For ITI LIMITED

R M AGARWAL
 Chairman & Managing Director





Statement of Assets and Liabilities

₹ in Lakhs

Particulars	As at	As at
	31/03/2020	31/03/2019
	Audited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant & Equipment	2,62,529	2,62,696
(b) Capital work-in-progress	18,863	16,485
(c) Investment Property	6,748	6,756
(d) Goodwill	-	-
(e) Intangible assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets		
(i) Investments	41	41
(ii) Trade receivables	35,936	121
(iii) Loans	17	17
(iv) Others	-	-
(i) Deferred Tax Assets (net)	-	-
(j) Other non current assets	-	-
TOTAL	3,24,134	2,86,115
(2) Current assets		
(a) Inventories	17,334	14,876
(b) Financial Assets		
(i) Investments	-	-
(ii) Trade receivables	2,76,114	2,65,740
(iii) Cash and cash equivalents	3,978	2,670
(iv) Bank Balances other than (iii) above	20,529	17,683
(v) Loans	57,288	47,051
(vi) Unbilled Revenue	62,329	55,025
(vii) Others	-	-
(c) Current Tax Assets (Net)	6,808	6,738
(d) Other current assets	-	-
TOTAL	4,44,380	4,09,783
TOTAL	7,68,513	6,95,897
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	92,512	89,700
(b) Other Equity	1,40,657	89,670
TOTAL	2,33,169	1,79,370
Liabilities		
(1) Non-Current Liabilities		
(a) Government Grants	11,407	11,846
(b) Financial Liabilities		
(i) Borrowings	18,000	30,000
(ii) Trade Payables	-	-
(iii) Others	13,693	7,033
(c) Provisions	7,434	8,113
(d) Deferred Tax Liabilities (Net)	-	-
(e) Other Non-Current Liabilities	-	-
TOTAL	50,534	56,993
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,03,558	95,871
(ii) Trade payables	2,18,305	1,80,486
(iii) Others	89,932	1,13,107
(b) Provisions	12,704	10,609
(c) Current Tax Liabilities (Net)	-	-
(d) Other current liabilities	60,311	59,462
TOTAL	4,84,810	4,59,535
TOTAL	7,68,514	6,95,897

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants

Firm Reg No.:003582S



V.V. Krishnamurthy
Partner

M. No. 027044
Place: Bengaluru
Date : 26.06.2020

RAJEEV SRIVASTAVA
Chief Financial Officer

For ITI LIMITED

R. MAGARWAL
Chairman & Managing Director

IT I LIMITED

Standalone Cash Flow Statement for the year ended 31.03.2020

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/(LOSS) BEFORE TAX	15085.84	9253.77
Adjustment For :		
Depreciation	4189.20	3709.16
Financing Charges	14065.88	10647.11
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1571.14)	(393.67)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(179.31)	0.00
Transfer From Grant-In-Aid	(8979.33)	(62.47)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	391.77	1831.69
Non-Cash Expenditure	1148.67	11708.09
OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	24151.58	36693.69
Adjustment For:		
Trade And Other Receivables	(64665.58)	(10628.11)
Inventories	(2804.24)	707.90
Trade Payables	23567.85	(24618.96)
Direct Taxes Paid	62.13	20.23
CASH GENERATED FROM OPERATIONS	(19688.26)	2174.75
CASH FLOW FROM OPERATING ACTIVITIES	(19688.26)	2174.75
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(6392.38)	(12781.72)
Sale Of Fixed Assets	179.31	0.00
Investments	0.00	0.00
Interest Received	1571.14	393.67
Dividend Received	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES [B]	(4641.93)	(12388.06)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Short Term Borrowings	(4312.29)	3238.45
Share Application Money	10500.00	5500.00
Adjustment with surplus	(3107.80)	0.00
Grant-In-Aid Received	39470.00	0.00
Financing Expenses	(14065.88)	(10647.11)
NET CASH USED IN FINANCING ACTIVITIES [C]	28484.03	(1908.67)
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	4153.85	(12121.98)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	20352.89	32474.85
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	24506.74	20352.89

Note:

The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S



V.V. Krishnamurthy
Partner
M. No. 027044



For & On Behalf of Board of Directors


RAJEEV SRIVASTAVA
Chief Financial Officer


R M AGARWAL
Chairman & Managing Director

Place: Bengaluru
Date : 26.06.2020

SANKARAN & KRISHNAN

CHARTERED ACCOUNTANTS

197, 'Sai Krupa'
6th 'A' Main
J.P. Nagar IV Phase
Bengaluru - 560 078

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vvk@sankrish.ind.in
Website : www.sankrish.ind.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ITI LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ITI Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis of Qualified Opinion

Qualifications not quantifiable

- 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 31.16.)



- ii. 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.31.18)

Our opinion is modified in respect of these matters.

Qualification quantifiable

- i. Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT 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. 31.22)

Our opinion is modified in respect of these matters.

Emphasis of matter

- i. We draw the attention to the following to Note 31.25 to the financial statements in which the company describes the impact arising from the Covid 19 pandemic.
- ii. We draw the attention to the following matters in the Notes to the financial statements:
- a. 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 1
- b. 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.31.17);
- c. Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, sub-contractors/others, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, Income Tax, GST, TDS, etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation and we are unable to comment on the impact of the same on the accounts of the company (Refer Note 31.4);
- d. The Company is a 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 31.15)
- e. Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- f. 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 31.20)

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our



opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matters	Auditor's Response
1.	<p>The company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, the appropriateness of the basis used to measure the revenue recognized over a period. The Company adopted Ind AS 115 and applied the available exemption provided therein, not to restate the comparative periods</p> <p>Refer Notes 22 to the Standalone Financial Statements</p>	<p><u>Principal Audit Procedures</u> We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted, testing of the design and operating effectiveness of the internal controls and substantive testing as follows: Selected a sample of continuing and new contracts and performed the following procedures: - Read, analysed the documents viz., Work Order and RFPs , POs and the Certificates furnished by the company for the stage of completion of various activities of the project. - Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the Unbilled Revenue recognised as income in the books of account duly certified by the concerned project/ unit and finance heads. Verified the approval by the Managing Committee vide Minutes dated 24.06.2020 placed and discussed at the Audit Committee and meeting held on 25.6.2020 - Compared these performance obligations with that identified and recorded by the Company. - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. - In respect of samples BhartNet- II projects, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems. - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</p>
2.	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments The Company has Trade receivable (Note Nos. 4a & 7.) of Rs. 312049.78 lakhs and Loan & Advances balances (Note Nos 5 & 9.) of Rs.570305.18 lakhs and Deposit</p>	<p><u>Principal Audit Procedures</u> We have performed the following procedures in relation to the recoverability of trade receivables: - Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis. - Obtained a list of outstanding receivables and identified</p>



	<p>with Government departments, taxes and duties of Rs 6808.26 lakhs. (Note No 10). Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of products, advance to Vendors and Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realizable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p>any debtors wherever there is delay in payment over the terms agreed.</p> <p>- Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider, if any additional provision should be made;</p> <p>-Tested subsequent settlement of trade and receivables after the balance sheet date on a sample basis, if any.</p> <p>-We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p>
3.	<p>Disputes and potential litigations: Refer to Note 31.11 in the standalone financial statements: -</p> <p>The Company is involved in legal proceedings on disputed tax demands. The company/s management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements



and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

Other Matters

- i. We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 485722.71 Lakhs as at March 31, 2020, total revenues of Rs.33921.41 Lakhs and Profit/ (Loss) after tax of (Rs 15621.74 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.



- ii. The Company is having 8 Regional Offices located at Bangalore, Chennai, Hyderabad, New Delhi, Lucknow, Kolkata, Mumbai and Bhubaneswar. We have audited the financial statements of all 8 Regional Offices whose financial statements reflect total assets of Rs 67288.08 Lakhs as at March 31, 2020, total revenues of Rs 18664.17 Lakhs and Profit after tax of Rs 308.55.Lakhs for the year ended on that date,. The audit of Regional Offices has been carried out remotely/electronically as permitted by the Principal Director of P&T Audit, Delhi vide letter dated 11th May 2020, in view of the current nationwide lockdown situation.
- iii. We draw attention to Note No 31.5 regarding disclosure of segment information as required under Ind AS 108.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) 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 A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:
 - h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 standalone financial statements. (Refer Note No 31.11 of standalone financial statements)
 - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 **SANKARAN & KRISHNAN**
Chartered Accountants
(Firm's Registration No. 003582S)




V.V. KRISHNAMURTHY
Partner
(Membership No.: 027044)
UDIN 200227044AAAABJ

Place: Bengaluru
Date : 26th June 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT
(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’
section of our report to the Members of ITI Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **ITI LIMITED** (“the Company”) as of March 31, 2020 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 Board of Directors of the Company 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. 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 respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For SANKARAN & KRISHNAN
Chartered Accountants
(Firm's Registration No. 003582S)




V Krishnamurthy
Partner
(Membership No.: 027044)

Place : Bengaluru
Date : 26 June 2020

ANNEXURE 'B' TO THE REVISED INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ITI Limited of even date)

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 2020, we report that:

- i. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information.
According to the information and explanations given to us and on the basis of the Report of the Other Auditors, fixed assets at all other locations have been physically verified by the management periodically in a phased manner and no material discrepancies were noticed on such verification.
- ii. According to the information and explanations given to us, inventories have been physically verified by the management every year. 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.
- 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. 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, TDS , sales-tax, service tax, duty of customs duty , excise duty, GST, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of Rs 22841.20 lakhs pending as arrears pertaining to Provident Fund in the books of the company. Further a sum of Rs 267.21 lacs being arrears towards TDS, Trade tax, Works contract Tax, Sales Taxes and excise duty which are not disputed and are outstanding for a period of more than six months from the date they became payable.

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 which the dispute relates to	Forum where the dispute is pending
14.	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	60.57	2010-11	Dy. Commissioner sector 14, Commercial Tax, Allahabad
15.	Central Sales Tax, 1956	Remand Order against granted appeal	10.96	2011-12	Addl Commissioner, Appeals Commercial Tax, Allahabad
16.	Central Sales Tax, 1956	Remand Order against granted appeal	96.17	2012-13	Dy. Commissioner sector 14, Commercial Tax, Allahabad
17.	Central Sales Tax, 1956 UP – VAT	Demand of Tax	86.75	2013-14	Addl Commissioner (Appeals), Commercial Tax, Allahabad
18.	CST	Sales Tax	28.04	2001-02	High Court, Ernakulam
19.	CST	Sales Tax	24.61	2005-06	High Court, Ernakulam
20.	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
21.	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad
22.	CST	Sales Tax	504.13	2003-04	KVAT – Appeal
23.	CST	Sales Tax	111.20	2013-14	DC- Appeal
24.	CST	Sales Tax	13.25	2014-15	DC- Appeal
25.	CST	Sales Tax	13.56	2015-16	DC- Appeal
26.	CST	Sales Tax	250.00	2016-17	DC- Appeal
27.	CST	Sales Tax	26.27	2017.-18	DC Appeal
28.	VAT	Sales Tax	84.09	2012-13	DC Appeal



Sl. No.	Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period which the dispute relates to	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	Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs. Rs.14.00)	497.28	2001-2002 2002-2003	Custom Excise & Service Tax Appellate Tribunal
4.	Central Excise Act 1944	CENVAT Credit	376.00	2007-2008	Custom Excise & Service Tax Appellate Tribunal
5.	UP VAT	Sales Tax	264.89	1986-1989	UP Government
6.	UP VAT	Sales Tax	15.32	1989-1996	UP Government
7.	Income Tax Act, 1961	Penalty/Additional fees For TDS	4.91	2008-2011	CPC (TDS)
8.	Finance Act, 1994	Service Tax	8435.14	2009-10 to 2013-14	Tribunal Allahabad
9.	Finance Act, 1994	Service Tax	1992.19	2009-10 to 2013-14	Tribunal c
10.	Central Sales Tax, 1956	Dem109109and of Additional Tax against Form C	1013.98	2005-2006	Addl Commissioner, Appeals Commercial Tax, Allahabad
11.	Central Sales Tax, 1956	Demand of Additional Tax against Form C	2.64	2007-08	Dy. Commissioner sector 14, Commercial Tax, Allahabad
12.	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-09	Addl Commissioner, Appeals Commercial Tax, Allahabad
13.	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	2.12	2009-10	Joint Commissioner, Commercial Tax, Allahabad



Sl. No.	Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period which the dispute relates to	Forum where the dispute is pending
29.	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
30.	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
31.	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut
32.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
33.	Sales Tax Act	Sales Tax	287.18	2005-2006 2007-2008 2008-2009 2010-2011	Trade Tax Tribunal, Lucknow
34.	Sales Tax & Entry Tax Act	Sales Tax	263.43	2006-2007 2009-2010 2011-2012	Additional Commissioner (TradeTax) Lucknow
35.	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	827.55	2008-09 to 2017-18	High Court of Karnataka
36.	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-14	Commercial Tax Officer, Thirpunnithura
37.	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-15	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
38.	Service Tax	Non payment of Service Tax on Royalty payments received	44.78	2012-13 to 2014-15	Commissioner of Central Excise
39.	KVAT	Turnover suppression	65.87	2012-13	Dy Commr (Appeals) -Commercial Tax, Ernakulam
40.	Sales Tax	Sales Tax	733.36	1987-88 to 1989-90, 1996-97, 1999-00, 2002-03	High Court, J & K
		Total	17671.96		

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 had filed the Red herring prospectus for FPO (Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions.
- 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 SANKARAN & KRISHNAN
Chartered Accountants
(Firm Registration No.003582S.)



V.V. KRISHNAMURTHY
Partner
(Membership No 027044).

Place: Bengaluru
Date : June 26, 2020

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 2019-2020.

S.No.	Area	Auditor Comment
a)	Whether the Company has system in place to process all the accounting transactions outside IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT system. We observed that no accounting transactions are processed outside IT system on the integrity of the accounts
b)	Whether there are any restructuring of an existing loan or cases of waiver write off Debts/loans/Interest etc, made by a lender to the company due to the company's inability to repay the loan ? if yes, the financial impact may be stated.	During the financial year 2019-20, there are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to company/s inability to repay the loan. Attention is drawn to the Note 31.15 of the audited financial statements with reference to the status of the financial assistance of Rs 4156.79 crores approved by the Cabinet Committee of Economic Affairs (CCEA) in Feb 2014 for revival of ITI Ltd under Rehabilitation Scheme
c)	Whether funds received/ receivable for specific schemes from Central/ State Agencies were properly accounted for/ utilised as per its terms and conditions? List the cases of deviation.	The company, during the year of audit, has received Rs 10500 lacs from Dept of Telecommunications, Govt of India to meet the Capex implementation of various projects in its various plants., The funds were properly accounted for in the books of account. Out of the said funds released, Rs 37.75 Crore has been utilised for CAPEX, Rs 67.25 Crore was utilised towards working capital purposes

**For Sankaran & Krishnan
Chartered Accountants**

Firm Registration No: 003582S




V.V. KRISHNAMURTHY

Partner

Membership No: 027044

Place: Bengaluru

Date: June 26, 2020

ANNEXURE I

Consolidated Statement Of Impact Of Audit Qualifications For The Financial Year Ended March 31st, 2020

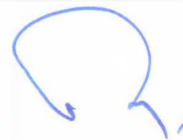
(Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)

(In Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Audited figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	2,24,257.75	2,24,257.75
2	Total Expenditure	2,09,171.91	2,15,019.81
3	Net Profit/(Loss)	15,085.84	9,237.94
4	Earnings per share	1.59	0.92
5	Total Assets	7,72,271.73	7,72,271.73
6	Total Liabilities	5,35,344.14	5,41,192.04
7	Net worth	3,879.34	-1,968.56
8	Any other financial item(s) (as felt appropriate by the management)		

Qualification No. 1

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>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 31.16)</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management’s estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.</p> <p>(iii) Auditors’ comments – Nil</p>



Qualification No. 2

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>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. 31.18)</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management’s estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – efforts are being made by the company regarding the settlement of KPTC land issues at the earliest.</p> <p>(iii) Auditors’ comments – Refer to the comments made in the details of qualification</p>

Qualification No. 3

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p><i>Non provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from 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</i></p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification – Quantified</p> <p>(i) Management’s estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – 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 matter 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.</p> <p>(iii) Auditors’ comments – Refer to the comments made in the details of qualification.</p>

To be signed by: _____




CEO/Managing Director	
Chief Financial Officer	
Audit Committee Chairman	
Statutory Auditor	 

Place: Bangalore
Date: 26 /06/2020

Standalone Statement Of Impact Of Audit Qualifications For The Financial Year Ended March 31st, 2020

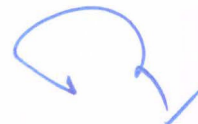
(Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)

(In Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Audited figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	2,24,257.75	2,24,257.75
2	Total Expenditure	2,09,171.91	2,15,019.81
3	Net Profit/(Loss)	15,085.84	9,237.94
4	Earnings per share	1.57	0.92
5	Total Assets	7,68,513.51	7,68,513.51
6	Total Liabilities	5,35,344.14	5,41,192.04
7	Net worth	121.10	-5,726.80
8	Any other financial item(s) (as felt appropriate by the management)		

Qualification No. 1

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>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 31.16)</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management’s estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.</p> <p>(iii) Auditors’ comments – Nil</p>



Qualification No. 2

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To be signed by: _____




CEO/Managing Director	
Chief Financial Officer	
Audit Committee Chairman	
Statutory Auditor	 

Place: Bangalore
Date: 26 /06/2020