

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है।

**ITI LIMITED**  
(A Govt. of India Undertaking)



**आईटीआई लिमिटेड**  
(भारत सरकार का उपक्रम)

Ref: K/NSE&BSE/2019  
Date: 29.11.2019

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: Notice of 69<sup>th</sup> Annual General Meeting (AGM) along with Annual Report of the Company for the FY 2019.  
Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We would like to inform that, the 69<sup>th</sup> AGM of the members of the Company is scheduled to be held on Friday, 27<sup>th</sup> December, 2019 at 11:30 a.m. at ITI Officers Club-New Wing, ITI Township, "A" Area, Doorvani Nagar, Bengaluru- 5600 16.

In this regard, please find enclosed herewith Notice of 69<sup>th</sup> AGM along with Annual Report of the Company for the Financial Year 2018-19.

This is for your kind information and record please.

Thanking you,

Yours faithfully  
For ITI LIMITED

  
S. Sharmuga Priya  
Company Secretary

Encl: as above



# ITI LIMITED

(A Government of India Undertaking)



ISO 14001 Certified

## 69<sup>th</sup> ANNUAL REPORT 2018-19

TOTAL SOLUTIONS FOR GLOBAL COMMUNICATIONS





## Chairman's Message



*Dear Shareholders,*

I am delighted to welcome you all to the 69<sup>th</sup> Annual General Meeting of your company and to present you with the achievements of the company during financial year 2018-19. The notice related to this meeting, Directors' Report, Audited Annual Accounts together with the Auditors' Report, comments of the Comptroller and Auditor General of India on the accounts of the company are already with you and with your permission I shall take them as read. Further, I am pleased to inform you that the company has complied with the guidelines on Corporate Governance for Central Public Sector Undertakings. On behalf of ITI and its Board of Directors, it is my proud privilege to share my thoughts with you through the Annual Report for the year 2018-19.

Over the last few years your company has performed exceedingly well. Continuing with this trend, for the Financial year 2018-19, your company has achieved a turnover of Rs 1,894 Crores with a net profit of Rs 111 Crore before tax which is an improvement of 9% over the previous years' performance. Our robust performance in each of the verticals is evident from a strong order book position comprising of Purchase Orders of Rs 7,347 Crore and Advance Purchase Orders of Rs 7,098 Crores as on date. In addition to these stated Purchase Orders, we have been adjudged as L1 vendor for strategically important ASCON Phase IV tender of Ministry of Defence with an approximate value of Rs 7,600 Crores. Your company has fixed an ambitious target of Rs 3,300 Cr for itself in the MoU signed with Govt. of India for the year 2019-20.

Let me highlight some of the significant accomplishments of your company in the last financial year.

In the area of Defence Communication your company has played a pivotal role in the past. Having designed, manufactured and installed the three phases of ASCON, your company continued its maintenance activities besides aggressively negotiating with MoD for conclusion of Phase IV of the project. It continued with laying of cable under the Network for Spectrum (NFS) project for Defence forces in the packages 'G' and 'H' in Eastern and North Eastern region of the country.

During the year the company has emerged as a front runner in providing End to End Optical and Data Networking products and services. The Govt. of India reposed its faith in your company's ability to design and execute turnkey solutions for supply, installation, commissioning of GPON & associated equipment by awarding prestigious MahaNet and GUJNET projects for BharatNet Phase II. A significant progress has been made in both these projects especially the project in the state of Gujarat in which the CAPEX part of the project is likely to be completed in the Financial Year 2019-20 itself. The Rae Bareilly plant of the company is now equipped to manufacture HDPE duct and Optical Fibre Cable (OFC). The Plant has already obtained TSEC for two types of OFC cable and has plan to supply OFC for BharatNet Phase II projects and also upcoming ASCON project.

It has always been your company's endeavor to foray into hosting services along with a suite of IT & software services. In addition to existing Data Centre at its Bangalore Plant, a 1,000 rack with a Tier 3 Certification Data Centre is nearing completion and would soon 'Go Live' offering end-to-end hosting & managed services.

During the year, the Palakkad plant of your company has stepped up the production of Smart Energy meters against the EESL Work Order for supply of 25,00,000 meters. The confidence of our customers in the quality and workmanship of the plant was further reinforced when it was chosen by India's premier space agency Indian Space Research Organisation (ISRO) to carry out component screening of various parts used in its satellites and launch vehicles. The Smart Cards manufactured by the plant have been accredited with Certificate of RuPay Contact cards by National Payment Corporation of India (NPCI) and is the only PSU of the country to have such a certification. The product has certification from Master Card while certification from VISA Card is planned in the current year. In fact, the plant is capable of supplying these cards to support 'One Nation One Card' initiative of the Govt of India.

The Naini plant of your company is making big strides in manufacturing of solar panels. It has already set up infrastructure including TSEC certification for a capacity of 18 MWp for manufacturing of solar panels. It is already in negotiation with EESL for a work order worth Rs 75 Crore for supply of Qty. 40,000 solar powered street lights. The unit has also taken up a project of Solar Energy Corporation of India (SECI) for implementation of rooftop solar equipment to generate 10MW power.

The manufacturing activities in the Mankapur plant is seeing a gradual rise. The unit has been supplying Optical Network Terminals (ONTs) for GujNet project and has developed a 3D printing machine. The plant has also developed a Sanitary Napkin vending machine which is being deployed in some of the colleges and government offices.

Under the aegis of Govt of India, a Skill development training programme was initiated at the Srinagar plant of the company. A total of 235 students are being trained in various skill sets. I am quite hopeful that with the recent turnaround of events in the Jammu & Kashmir, a more vibrant atmosphere would be visible in the coming days.

Our Network Support Unit (NSU) has been instrumental in implementing the GujNet project under BharatNet Phase II. The project execution is being done in a very professional manner keeping in view the defined timelines and we hope to meet the scope of work (Liting of 3925 Gram Panchayats) within the year ending March 2020.

When it comes to telecom technology, your company has always been rated amongst the top few. The recent example being the company's collaborative effort with Telecom Engineering Centre (TEC) of DoT in setting up of testing labs. The company has successfully set up EMI/EMC and safety lab and is vigorously pursuing installation of telecom security lab and SAR lab at its Bangalore plant. There has always been demand from the industry for hand holding the new initiatives. As part of this exercise, a 1000 seater Start up hub has been set up in the Bangalore plant and has witnessed steady increase in its occupancy. The plant is now geared up to manufacture and supply Wi-Fi Access points, Caller ID phones, Radio Modems and Antenna.

Dear shareholders, I would like to highlight that there has been a tactical shift in the project implementation strategy. No longer are we dependent on our back end partners to execute a project. Rather, we have taken a resolve to execute the projects on our own strength, by deploying our own resources and close monitoring at various level. The end result is for all of you to see. As a result of this change in project execution strategy we are now achieving better project execution results, better margins and to top it all we have been able to motivate and convince our personnel of their potential and skill level. We have been able to instill a sense of confidence and competitiveness among our resources that they can do it and do it better than anyone else. The outcome of this change in project implementation strategy would be visible in the times to come.

On this occasion, I would like to mention that, in order to comply with the SEBI guidelines on minimum Public shareholding, Further Public Offer (FPO) of 18 crore will be launched based on the market conditions and advice of Merchant Bankers.

With that, I assure you that the management shall strive to make best efforts in sustaining the growth of your company and thereby ensure sustained returns to its stakeholders.

To conclude I am grateful to the Govt of India, Department of Telecommunications, Ministries of Home Affairs, Defence, Finance and Rural Development for their continued support. I am also thankful to Chairman Digital Communication Commission, DoT PSUs, all department of Central and State Govt, our esteemed customers, depositors, banks, financial institutions, auditors, Committee on Public Undertakings (COPU), Standing Committee on Information Technology, Standing Conference of Public Enterprises (SCOPE) and Department of Public Enterprise for their continued support and co-operation. I also take this opportunity to extend my thanks to all fellow Directors on the Board of ITI, the employees and shareholders for their support and understanding.

*With best wishes,*

**Rakesh Mohan Agarwal**  
Chairman & Managing Director

NB: This does not purport to be a record of the proceedings of 69<sup>th</sup> Annual General Meeting.



# ANNUAL REPORT 2018-2019

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**BOARD OF DIRECTORS\***
**Shri Rakesh Mohan Agarwal**

Chairman and Managing Director

**Shri Shashi Prakash Gupta**

Director- Human Resources

**Shri D Venkateswarlu**

Director- Production

**Dr Rajesh Sharma**

Deputy Director General (SU), Department of Telecommunications  
Government Nominee Director

**Lt Gen Rajeev Sabherwal**, AVSM, VSM, Signal Officer-in- Chief

Government Nominee Director

**Shri Saday Krishna Kanoria**

Independent Director

**Smt Asha Kumari Jaswal**

Independent Director

**Shri Rajen Vidyarthi**

Independent Director

**Dr Akhilesh Dube**

Independent Director

**Shri Mayank Gupta**

Independent Director

**Dr K R Shanmugam**

Independent Director

**COMPANY SECRETARY**

Smt S Shanmuga Priya

**STATUTORY AUDITOR**

M/s Sankaran & Krishnan, Bengaluru

**BRANCH AUDITORS**

M/s R K Chari & Co., Lucknow (Rae Bareli)

M/s Neeraj Prakash & Associates, Allahabad (Naini)

M/s P N G & Co., Faizabad (Mankapur)

M/s S Thirivikraman & Co., Palakkad (Palakkad)

M/s Amir Jan & Associates, Srinagar (Srinagar)

**COST AUDITORS**

M/s GNV Associates, Bengaluru

M/s Aman Malviya & Associates, Lucknow

**SECRETARIAL AUDITOR**

Shri D Venkateswarlu, Bengaluru

**BANKERS**

State Bank of India

Bank of Baroda

Central Bank of India

Punjab National Bank

Indian Bank

Canara Bank

Development Credit Bank Limited

Axis Bank Limited

IndusInd Bank Limited

\*As on -15.11.2019

**MANAGEMENT\***
**CORPORATE OFFICE**
**Shri Rakesh Mohan Agarwal**

Chairman and Managing Director

**Shri Shashi Prakash Gupta**

Director- Human Resources

**Shri D Venkateswarlu**

Director- Production

**Shri A. Gnanasekaran**

Chief Vigilance Officer

**Shri Rajeev Srivastava**

General Manager- Corporate Finance

**Smt Malathy Menon**

Chief Financial Officer

**Smt S Shanmuga Priya**

Company Secretary

**UNITS**

Mankapur Plant

**Shri Rajiv Seth**

General Manager

Network Systems Unit

**Shri A K Bajoria**

General Manager

Bangalore Plant and Research & Development

**Shri K V Suresh**

General Manager

Marketing

**Smt E K Jayasree**

General Manager

Rae Bareli Plant

**Shri V B Singh**

General Manager

Naini Plant

**Shri Sanjay Satyapriya**

General Manager

Palakkad Plant

**Shri K P Raghunathan**

Additional General Manager

Srinagar Plant

**Shri I A Khan**

Deputy General Manager

# ITI LIMITED

(A Government of India Undertaking)

CIN: L32202KA1950GOI000640

Registered Office: ITI Bhavan, Doorvani Nagar, Bengaluru – 560 016

Tel No: +91 (080) 2561 4466 Fax No: +91 (080) 2561 7525 Email: cosecy\_crp@itiltcd.co.in Website: www.itiltcd-india.com

## NOTICE

NOTICE is hereby given that the Sixty Ninth (69<sup>th</sup>) Annual General Meeting of ITI Limited will be held on Friday, 27<sup>th</sup> December 2019 at 11.30 am at ITI Officers Club- New Wing, ITI Township, "A" Area, Doorvani Nagar, Bengaluru - 560 016 to transact the following business:

### I. ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone profit and loss statement for the year ended 31<sup>st</sup> March 2019, the Balance sheet and cash flow statement as on that date, the consolidated financial statements as on that date, along with the reports of the Directors' and Auditors' and comments of Comptroller and Auditor General of India.
2. To consider and, if thought fit, to pass with or without modifications, the following as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to Section 142 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of ITI Limited be and is hereby authorised to fix the remuneration and other terms and conditions, including reimbursement of travelling allowance and out of pocket expenses of Statutory Auditors of the Company appointed by Comptroller and Auditor General of India and of the Branch Auditors of the Company for the financial year 2019-20".

### II. SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications order no.F.No. E-14-1/2018-PSA dated 9<sup>th</sup> October 2018, Shri Shashi Prakash Gupta (DIN: 08254999) be and is here by appointed as Director – Human Resources of the Company, liable to retire by rotation on the terms and conditions as stipulated by the Government of India."

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications Order No.F.No.E-5-7/2018-PSA dated 22<sup>nd</sup> November 2018, Shri Saday Krishna Kanoria (DIN 00623266), be and is hereby re-appointed as an Independent Director of the Company for a period of 1 year with effect from 24<sup>th</sup> November, 2018, or until further orders from Ministry of Communications, whichever is earlier, not liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made

thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communication order no. F. No. E-5-1/2016-PSA dated 3<sup>rd</sup> April 2019, Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in Chief (DIN: 08420761), be and is hereby appointed as Government Nominee Director of the Company on the terms and conditions as stipulated by the Government of India."

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications order no. F.No. E-14-3/2018-PSA dated 14<sup>th</sup> October 2019, Shri Rakesh Mohan Agarwal (DIN: 07333145), Director Marketing/ Addl Charge Chairman and Managing Director be and is hereby appointed to the post of Chairman and Managing Director of the Company w.e.f. 14<sup>th</sup> October 2019 till the date of his superannuation i.e. 30<sup>th</sup> June 2022 or until further orders whichever is earlier, not liable to retire by rotation and on the terms and conditions as may be stipulated by the Government of India."

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

**"RESOLVED THAT** pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications order no. E-14-3/2019-PSA dated 05<sup>th</sup> November 2019, Shri D Venkateswarlu (DIN: 08605954), be and is hereby appointed as Director Production of the Company w.e.f. 07<sup>th</sup> November 2019 till the date of his superannuation i.e. 30<sup>th</sup> June 2022 or until further orders whichever is earlier, liable to retire by rotation and on the terms and conditions as may be stipulated by the Government of India."

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made there under the remuneration of Rs. 3.16 lakhs (inclusive of applicable taxes) and out of pocket expenses and conveyance expenses at actuals fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2019-20 be and is hereby ratified".

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

Place : Bengaluru  
Date : 15<sup>th</sup> November 2019

By Order of the Board  
For ITI LIMITED

(S. SHANMUGA PRIYA)  
COMPANY SECRETARY



**NOTES:**

1. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> December 2019 to 27<sup>th</sup> December 2019 (both days inclusive) for the purpose of the Annual General Meeting (AGM).
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
  
A person can act as a proxy on behalf of not exceeding fifty (50) Members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.  
  
The instrument of proxy in order to be effective should be deposited at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority, as applicable. A proxy form for the AGM is enclosed.
3. Corporate Members / FIs / Financial Institutions intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution/such other documents authorizing their representative(s) to attend and vote on their behalf at the meeting, together with their specimen signatures.
4. Shri D Venkateswarlu, (CP No. 7773), Practicing Company Secretary, Bengaluru has been appointed as the Scrutinizer for scrutinizing the remote e-voting process as well as voting through ballot paper at the AGM in fair and transparent manner.
5. In case of joint holders attending the meeting, only such joint holder who is first/earlier in the order of names will be entitled to vote at the meeting.
6. Full version of the Balance Sheet and Profit Loss Statement, other statements & notes and the Notice of 69<sup>th</sup> AGM thereto are available on the Company's website [www.itilt-d-india.com](http://www.itilt-d-india.com). Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during normal business hours upto the date of the Meeting.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM. The Register of Contracts or Agreements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be also available for inspection by the Members at the AGM.
8. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Company. Blank forms will be supplied on request.
9. Soft copy of the full version of the Annual Report and Notice of the ensuing AGM and other documents are being sent electronically to those Members whose e-mail address is registered with the Company/ Depositories (National Securities Depository Limited/Central Depository Services (India) Limited) unless such Member has requested for physical copy of the same. For Members who have not registered their e-mail id, physical copy of the Annual Report together with the notice of the ensuing AGM and other documents are being sent by the permitted mode. Members who have received the soft copy of the reports & documents as stated above and are desirous to receive the full version of the Annual Report may send a communication to Share Transfer Agent and the same will be forwarded free of cost.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by the Members of the Company. Members holding shares in electronic form are therefore, requested to submit their PAN, Bank account details and email ids to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form shall submit their PAN details, Bank Account Details and email id to the RTA/Company.
11. Members are requested to advise the Registrar and Share Transfer Agents, M/s. Integrated Registry Management Services Private Ltd., 30, Ramana Residency, 04<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru – 560003, Tel No. 080-23460815-818, email id : [irg@integratedindia.in](mailto:irg@integratedindia.in) and their respective Depository Participants immediately of any change in their address.
12. Members may visit the website of the Company [www.itilt-d-india.com](http://www.itilt-d-india.com) for more information on the Company.
13. Members requiring information on the Accounts are requested to write to the Company at least fifteen days before the date of the Meeting so that the required information could be kept ready.
14. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the AGM is annexed hereto and forms part of the notice as **Annexure A**.
15. Pursuant to provisions of the Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief resume/profile of the Directors eligible for appointment/ re-appointment vide Item Nos. 3, 4, 5, 6 and 7 are attached here to as **Annexure B**.
16. As per Section 108 of the Companies Act, 2013 read with relevant rules made there under and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are appended to this Notice as **Annexure C**.
17. To support the Green Initiative, Members are requested to register /update their email addresses with Registrar and Share Transfer Agent of the Company, for receiving the documents in electronic form. Members holding shares in electronic form may also register/update their email ids with their depositories. It may also be noted that the shareholders opting to receive communication in electronic mode may also be furnished free of cost, with a copy of the above mentioned documents, upon receipt of request at [cosecy\\_crp@itilt.co.in](mailto:cosecy_crp@itilt.co.in).
18. Members/their Proxies/Representatives are requested to note:-
  - i. To bring their attendance slips duly signed and mentioning their DP ID and client ID / Folio No along with their copy of Annual report to AGM
  - ii. That no brief case or bag will be allowed to be taken inside the auditorium for security reasons.
  - iii. That no gifts will be distributed at the venue of the AGM
19. In terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendments) Regulations, 2018, w.e.f. 1<sup>st</sup> April 2019, all transfer of shares shall be in dematerialized form. The Members holding shares in physical form are requested to take note of it and dematerialized their share for effecting any transfer.
20. A route map showing the directions to reach 69<sup>th</sup> AGM venue is given at the end of the Annual Report, as per the requirement of Secretarial Standard- 2 on General Meeting.

 Regd. & Corporate Office  
 ITI Bhavan, Doorvaninagar

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

 Place : Bengaluru  
 Date : 15<sup>th</sup> November 2019

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

## Annexure A

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

### Item No. 3 to 7

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors. Accordingly, the following appointments on the Board of your Company were effected as per the directives of the President of India.

#### Shri Shashi Prakash Gupta

Shri Shashi Prakash Gupta (DIN:08254999), was inducted into the Board as an Additional Director (Director HR) w.e.f. 15.10.2018 in pursuance of Ministry of Communications Letter No. F.No. E-14-1/2018-PSA dated 9<sup>th</sup> October 2018, and in terms of Section 161 of the Companies Act, 2013, Shri Shashi Prakash Gupta holds office upto the date of ensuing Annual General Meeting (AGM).

#### Shri Saday Krishna Kanoria

Pursuant to Ministry of Communication Order No.F.No.14-1/2013-PSA dated 24<sup>th</sup> November, 2015 Shri Saday Krishna Kanoria (DIN 00623266) was inducted into the Board as Non-official Independent Director for a period of three years or until further orders, whichever is earlier. The Members at the 66<sup>th</sup> AGM held on 21<sup>st</sup> September 2016, approved the appointment of Shri Saday Krishna Kanoria as Independent Director of the Company for a period of 3 years w.e.f. 24<sup>th</sup> November 2015. Pursuant to Ministry of Communications Order No.E-5-7/2018-PSA dated 22<sup>nd</sup> November, 2018, Shri Saday Krishna Kanoria was re-appointed as Non-Official Independent Director of the Company for a period of 1 year w.e.f 24<sup>th</sup> November 2018 or until further orders whichever is earlier.

#### Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in Chief, Ministry of Defence

The Ministry of Communications vide order No. F. No. E-5-1/ 2016-PSA dated 03<sup>rd</sup> April 2019 has appointed Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in Chief, Ministry of Defence (DIN: 08420761) as Government Nominee Director with effect from the date of order for a period of three years or till the date of his superannuation or until further orders whichever is earliest. However, appointment of Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in Chief has taken effect from 12<sup>th</sup> April 2019 i.e. the date of obtaining Director Identification Number.

#### Shri Rakesh Mohan Agarwal

Shri Rakesh Mohan Agarwal (DIN: 07333145), former Government Nominee Director on the Board of the Company, was appointed as Director- Marketing with effect from 27<sup>th</sup> April 2018 (A/N). Consequent to the superannuation of Shri K Alagesan as Director Production/ Additional Charge Chairman and Managing Director on 30<sup>th</sup> September 2019, Shri Rakesh Mohan Agarwal was entrusted with additional charge of the post of Chairman and Managing Director w.e.f. 01<sup>st</sup> October 2019. Thereafter, the Government of India vide order no. F.No. E-14-3/2018-PSA dated 14<sup>th</sup> October 2019, appointed Shri Rakesh Mohan Agarwal as Chairman and Managing Director w.e.f. 14<sup>th</sup> October 2019 till the date of his superannuation i.e. 30<sup>th</sup> June 2022 or until further orders whichever is earlier.

#### Shri D Venkateswarlu

Shri D Venkateswarlu (DIN: 08605954) was inducted to the Board as an Additional Director (Director Production) w.e.f. 07<sup>th</sup> November 2019 in pursuance of Ministry of Communications order No. E-14-3/2019- PSA dated 05<sup>th</sup> November 2019 till 31<sup>st</sup> August 2022 i.e. the date of his superannuation or until further orders, whichever is earlier. In terms of Section 161 of the Companies Act, 2013, Shri D Venkateswarlu holds office upto the date of ensuing AGM.

Notice has been received under Section 160 of the Companies Act, 2013 from the Members signifying their intention to propose the re-appointment of Shri Saday Krishna Kanoria and appointment of Shri Shashi Prakash Gupta, Lt Gen Rajeev Sabherwal, Shri Rakesh Mohan Agarwal and Shri D Venkateswarlu as Directors of the Company at the ensuing AGM.

The Nomination and Remuneration Committee at its meeting held on 07<sup>th</sup> August 2019 have recommended to the Members' for appointment/re-appointment of Shri Saday Krishna Kanoria, Shri Shashi Prakash Gupta and Lt Gen Rajeev Sabherwal. The Nomination and Remuneration Committee vide Circular Resolution dated 15<sup>th</sup> November 2019, recommended appointment of Shri Rakesh Mohan Agarwal as Chairman and Managing Director and Shri D Venkateswarlu as Director Production of the Company.

In terms of Section 152 of the Companies Act, 2013, every Director shall be appointed by the Company in general meeting. Accordingly, necessary resolutions have been placed before the Annual General Meeting for Members' approval.

Shri Saday Krishna Kanoria, has given a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, in the opinion of the Board, Shri Saday Krishna Kanoria fulfills the condition for appointment as Independent Director as mentioned in the Companies Act, 2013.

Since, the re-appointment of Shri Saday Krishna Kanoria has been made by the Government of India, performance evaluation for re-appointment has not been furnished by the Company.

Shri Shashi Prakash Gupta, Shri Saday Krishna Kanoria, Lt Gen Rajeev Sabherwal, Shri Rakesh Mohan Agarwal and Shri D Venkateswarlu are deemed to be interested in the proposed resolution to the extent of their appointment/re-appointment as Directors.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, in the resolution set out at item no. 3 to 7 of the notice.

Shri Shashi Prakash Gupta, Shri Saday Krishna Kanoria, Lt Gen Rajeev Sabherwal, Shri Rakesh Mohan Agarwal and Shri D Venkateswarlu do not hold any share in the Company, either in their individual capacity or on a beneficial basis for any other person.

Your directors recommend the ordinary resolutions for Shri Shashi Prakash Gupta, Lt Gen Rajeev Sabherwal, Shri Rakesh Mohan Agarwal and Shri D Venkateswarlu and Special Resolution for re-appointment of Shri Saday Krishna Kanoria as proposed in the notice for approval.

A brief profile of Shri Shashi Prakash Gupta, Shri Saday Krishna Kanoria, Lt Gen Rajeev Sabherwal, Shri Rakesh Mohan Agarwal and Shri D Venkateswarlu are provided in **Annexure B** of this Notice.

### Item No. 8

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

Accordingly, necessary resolution seeking ratification for fixation of remuneration of Rs 3.16 lakhs (inclusive applicable taxes) and out of pocket expenses and conveyance expenses at actuals for the Cost Auditor appointed for the year 2019-20 is placed before the Member for their approval.

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

Your directors recommend the ordinary resolution as proposed in the notice for Members' approval.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

Place : Bengaluru  
Date : 15<sup>th</sup> November 2019

By Order of the Board  
For ITI LIMITED

(S. SHANMUGA PRIYA)  
COMPANY SECRETARY



**Annexure B**
**BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT / RE-APPOINTMENT**
**Shri Shashi Prakash Gupta:**

Shri Shashi Prakash Gupta (DIN: 08254999) aged 58 years holds B. Tech (Mech.) and MBA Degree. Prior to joining on Board of the Company has successfully headed Industrial Engineering Department and SAIL Uday Transformation and spearheaded several CSR initiatives including skill development through vocational trainings to improve employability for youths in the region

With over 3 decades of rich experience in different areas of Personnel & Administration, Business Excellence and CSR in two integrated steel plants and corporate office, he has been instrumental in formulating and implementing various HR policies to facilitate a productive work culture at SAIL (Steel Authority of India Limited).

Shri Shashi Prakash Gupta has assumed charge as Director– Human Resource of the Company on 15<sup>th</sup> October 2018. The terms and conditions of his appointment are as per the Ministry of Communications Order No. F.No.E-14-8/2018-PSA dated 28<sup>th</sup> June 2019. The terms of remuneration are as per policy of the Government.

Shri Shashi Prakash Gupta is a Director on the Board of India Satcom Limited. Other than that he is not on the Board of any other Listed Company. Shri Shashi Prakash Gupta has attended all Board Meetings, held after his induction in to the Board during the financial year 2018-19. Shri Shashi Prakash Gupta is the Chairman of Risk Management Committee and Member of Audit Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Shri Shashi Prakash Gupta is not related to any of the Directors and Key Managerial Persons of the Company or their relatives and does not hold any shares in the Company.

**Shri Saday Krishna Kanoria:**

Shri Saday Krishna Kanoria (DIN: 00623266), aged 49 years, holds degree in B.Com. (Hons.) and Diploma in Computer operation. He is Director of Utkarsh Sfatik Limited (an associate of Ambuja Neotia Ltd), Manav Constructions Private Limited, Manav Developers Private Limited.

Consequent to completion of his 3 years tenure, Ministry of Communications has re-appointed him for further one year period w.e.f. 24<sup>th</sup> November 2018 as per terms and conditions of his appointment vide Ministry of Communications Order No. E-5-7/2018-PSA dated 22<sup>nd</sup> November, 2018. No remuneration other than sitting fees for attending Board/Committee meetings is being paid to Shri Saday Krishna Kanoria.

Shri Saday Krishna Kanoria is the Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and also member of Corporate Social Responsibility Committee of the Company.

Shri Saday Krishna Kanoria is not on the Board/Committee of any other Listed Company. Shri Saday Krishna Kanoria has attended 5 out of 6 Board meeting, during the financial year 2018-19.

Shri Saday Krishna Kanoria is not related to any of the Directors or Key Managerial Personnel of the Company and their relatives and does not hold any shares in the Company.

**Lt Gen Rajeev Sabherwal:**

Lieutenant General Rajeev Sabherwal, Ati Vishisht Seva Medal, Vishisht Seva Medal, Signal Officer-in-Chief and Colonel Commandant, Indian Corps of Signals, Ministry of Defence (DIN : 08420761), aged 58 years, is a graduate of Defence Services Staff College, Wellington, Higher Command Course, Mhow and National Defence College, New Delhi, the officer has tenanted various command and staff appointments. He steered the policy and doctrine formulations in the modern communication battle space as Additional Director General Tactical Communications in Signals Directorate. In addition, the officer has been the Commandant of Military College of Telecommunication Engineering and also served twice in the prestigious

Military Operations Directorate. He is the standard bearer of the Corps and is steering transformational changes inherent to the Digital Battlefield across entire spectrum of conflict.

Lt Gen Rajeev Sabherwal, is on the Board of the Company w.e.f. 12<sup>th</sup> April, 2019 and the terms and conditions of his appointment is as per the Ministry of Communications Order letter No. E-5-1/2016-PSA dated 03<sup>rd</sup> April, 2019. Lt Gen Rajeev Sabherwal is not on the Board/Committee of any other Listed Company. Attendance of Lt Gen Rajeev Sabherwal at the Board meeting of the Company did not arise as he was inducted into the Board during the current financial year 2019-20. Lt Gen Rajeev Sabherwal is not related to any of the Directors or Key Managerial Personnel of the Company or their relatives and does not hold any share in the Company.

**Shri Rakesh Mohan Agarwal:**

Shri Rakesh Mohan Agarwal (DIN: 07333145), aged 57 years is a Graduate in electronics engineering from Madan Mohan Malviya Engineering College, Gorakpur. He holds a Post Graduate Degree (M.Tech) in electronics and communications engineering from University of Roorkee and also master's in business administration from Indira Gandhi National Open University. Shri Rakesh Mohan Agarwal assumed charge as Director Marketing on 27<sup>th</sup> April 2018 prior to which he was DDG-SU in Ministry of Communications and held the post of Non- Executive, Government Nominee Director of the Company (since 08<sup>th</sup> June 2016). Shri Rakesh Mohan Agarwal has over 28 years of experience in the field of policy formulation, standardization planning, operation and maintenance of telecom services.

Shri Rakesh Mohan Agarwal is the Chairman of India Satcom Limited. He is not on the Board of any other Listed Company.

Shri Rakesh Mohan Agarwal has attended all the Board and Committee Meetings of the Company held during the year 2018-19. He is the Chairman of Corporate Social Responsibility Committee and member of Stakeholders Relationship Committee.

Shri Rakesh Mohan Agarwal is not related to any of the Directors and Key Managerial Persons of the Company or their relatives and does not hold any shares in the Company.

**Shri D Venkateswarlu**

Shri D Venkateswarlu (DIN: 08605954) has joined the Company in 1985 as AEE and thereafter held various positions. He has rich experience of more than 3 decades in handling production of entire range of Telecom Equipment covering Switching, Transmission, Access products & Defence products. During his tenure in the Company, he has headed Production Unit of Bangalore plant for 5 years and thereafter he was promoted as General Manager and Unit Head of Palakkad plant.

He was Instrumental in successfully upgrading the facilities like PCB Plant, SMD, Machinshop, Injection Moulding, 3D Printing Areas under revival plan, which helped ITI to bag orders from Prestigious Organization like EESL, BEHL, BEL, ISRO, C-DAC, etc.

He is B.Tech (Chemical) and M.Tech (Petroleum Refinery) from Andhra University.

Shri D Venkateswarlu has taken over charge as Director – Production of the Company on 07<sup>th</sup> November 2019 on the terms and conditions as may be stipulated by the Government of India. Shri D Venkateswarlu is not on the Board of any other Listed Company. Attendance of Shri D Venkateswarlu at the Board Meeting did not arise he was inducted into the Board Meeting during the current financial year 2019-20. Shri D Venkateswarlu is not related to any of the Directors or Key Managerial Personnel of the Company or their relative and does not hold any share of the Company.

**ANNEXURE C – INSTRUCTIONS FOR E-VOTING**

The instructions for e-voting electronically are as under:

**(A) In case of members receiving e-mail:**

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

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cutoff date in the Dividend Bank details field.</li> </ul>

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

your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**(B) In case of members receiving the physical copy:**

- (i) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.
- (C) The voting period begins on 23.12.2019 at 10.00 am and ends on 26.12.2019 at 5.00 PM. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20.12.2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (E) Shri D Venkateswarlu, Practicing Company Secretary, Bengaluru, has been appointed as Scrutinizer to Scrutinize the remote e-voting and voting at general meeting in a fair and transparent manner.
- (F) The scrutinizer shall within a period of not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.
- (G) The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website [www.itilt-d-india.com](http://www.itilt-d-india.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

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

Place : Bengaluru  
Date : 15<sup>th</sup> November 2019

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



## TEN YEAR DIGEST

₹ in Crore

<b>OPERATING RESULTS</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13 *</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Sales including services	1894	1703	1611	1253	620	770	921	993	2139	4660
Accretion/(Decretion) to Stock	11	(12)	18	0	(2)	(2)	(11)	3	(87)	(30)
Value of Production	1905	1691	1629	1253	618	768	910	996	2052	4630
Other Income**	336	381	542	598	86	40	33	34	78	376
Direct Materials	605	545	605	670	185	137	235	315	1662	4210
Charges on Installation & Maintenance	784	526	642	318	214	382	409	422	190	47
Employees Cost**	204	226	301	332	321	337	393	402	389	558
Depreciation	37	25	17	13	15	17	18	21	22	24
Financing Expenses	106	153	153	157	157	122	85	85	80	119
Other Expenses less Charges on Installation & Maintenance	412	367	187	124	110	159	163	154	148	479
Profit	93	230	266	238	(298)	(346)	(360)	(369)	(361)	(431)
Prior Period Adjustments	-	-	-	-	1	2	48	(1)	3	(28)
Extraordinary Items	-	-	-	-	-	-	130	-	-	-
Profit Before Tax	93	230	266	238	(297)	(344)	(182)	(370)	(358)	(459)
Provision for Tax / Deferred Tax/FRB	-	-	-	-	-	-	-	-	-	-
Add: Provision for tax of earlier years no longer required	-	-	-	-	-	-	-	-	-	-
Profit after Tax	93	230	266	238	(297)	(344)	(182)	(370)	(358)	(459)
Other Comprehensive Income	18	5	39	17	-	-	-	-	-	-
Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)	111	235	305	255	-	-	-	-	-	-
<b>FINANCIAL POSITION</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13 *</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Equity	897	760	560	288	288	288	288	288	288	288
Preference Shares \$	-	-	-	-	300	300	300	300	300	300
Preference Shares - Application	-	-	-	-	-	-	-	-	-	-
Money Received Pending Allotment	55	137	-	192	192	-	-	-	-	-
Reserves & Surplus	2847	2824	2814	2769	2735	2718	2709	2700	2701	2527
Revaluation Reserves	2335	2339	2348	2354	2360	2374	2390	2406	2424	2448
Miscellaneous expenditure not written off	-	-	-	-	-	-	-	-	-	-
Profit and Loss Account-(Debit)	4340	4432	4663	4929	5166	4869	4527	4345	3975	3622
Net Worth Funds with Revaluation Reserve	1794	1628	1059	674	713	819	1172	1413	1807	2016
Net Worth without considering DRE not written off and Revaluation Reserve	(541)	(711)	(1289)	(1680)	(1647)	(1555)	(1218)	(993)	(617)	(432)
Grant-in-aid	-	-	-	-	4	8	12	64	69	75
Bonds	-	-	-	-	-	-	2	2	2	7
Other borrowings and deferred credit	959	926	879	839	921	876	606	483	341	271
Gross Block #	2775	2663	2524	3737	3690	3696	3695	3691	3684	3681
Depreciation #	80	43	18	1279	1267	1243	1210	1175	1137	1089
Net Block	2695	2620	2506	2458	2423	2453	2485	2516	2547	2592
Capital work-in-progress	165	149	102	92	33	21	1	2	7	1
Assets, Loans and Advances (Current & Non-Current):										
Inventory	149	156	142	104	93	96	105	113	118	284
Debtors	2659	3086	2196	2743	2219	2152	4067	4268	4979	4921
Others	1292	996	566	436	572	366	348	333	409	631
<b>Total</b>	<b>4100</b>	<b>4238</b>	<b>2904</b>	<b>3283</b>	<b>2884</b>	<b>2614</b>	<b>4520</b>	<b>4714</b>	<b>5506</b>	<b>5836</b>

Turnover and Value of production for the year 2017-18,2016-17,2015-16,2014-15,2013-14,2012-13 & 2011-12 are inclusive of Excise duty & Service tax/GST while for rest of the years, they include Excise duty only. Turnover & Value of production for FY 2018-19 includes GST only.

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

\*\* Employee cost & Other income includes for FY 2017-18 and FY 2016-17 ₹2.86 crores and ₹33.72 crores respectively on account of VRS funded from the Government of India.

# Due to IND AS implementation w.e.f. 01.04.2016, Net carrying value has been taken in the books of accounts as deemed cost.

<b>FINANCIAL POSITION</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Liabilities and Provisions (Current & Non-Current) \$	<b>3907</b>	4153	3274	4021	3406	3393	5227	5335	5911	6136
Working Capital	<b>(498)</b>	(642)	(1054)	(1478)	(1311)	(1501)	(1259)	(621)	(405)	(300)
Capital Employed (Net Fixed Assets+Working Capital)	<b>2197</b>	1978	1452	980	1112	952	1226	1895	2142	2292
<b>Sources of Funds:</b>										
Shareholders' Fund	<b>1794</b>	1628	1059	674	713	819	1172	1413	1807	2016
Borrowings	<b>1259</b>	1226	1179	1139	1223	876	608	485	343	278
Net Non-Current Liabilities	<b>268</b>	199	195	98	131	155	57	-	-	-
Deferred Tax	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3321</b>	<b>3053</b>	<b>2433</b>	<b>1911</b>	<b>2067</b>	<b>1850</b>	<b>1837</b>	<b>1898</b>	<b>2150</b>	<b>2294</b>
<b>Application of Funds:</b>										
Net Fixed Assets	<b>2695</b>	2620	2506	2458	2423	2453	2485	2516	2547	2592
Working Capital (Other than Cash Credit)	<b>460</b>	283	(176)	(640)	(390)	(625)	(650)	(621)	(405)	(300)
Capital Work in progress	<b>165</b>	149	102	92	33	21	1	2	7	1
Investments	<b>1</b>	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>3321</b>	<b>3053</b>	<b>2433</b>	<b>1911</b>	<b>2067</b>	<b>1850</b>	<b>1837</b>	<b>1898</b>	<b>2150</b>	<b>2294</b>
<b>FINANCIAL RATIOS</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Working Capital Ratios:</b>										
Current Ratio	<b>0.89:1</b>	0.87:1	0.73:1	0.69:1	0.66:1	0.62:1	0.75:1	0.88:1	0.93:1	0.95:1
Working Capital in no. of months of value of Production	<b>N.A</b>	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Inventory in no. of months of value of Production	<b>0.94</b>	1.11	1.05	1.00	1.81	1.50	1.38	1.36	0.69	0.74
Debtors(Net of Advances) in terms of months sales and services	<b>12.85</b>	16.31	14.13	18.28	38.76	30.22	30.18	30.89	18.12	8.50
Working capital to total Assets (%)	<b>N.A</b>	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Cost of Direct Material to value of Production incl. Excise Duty (%)	<b>31.76</b>	32.23	37.14	53.47	29.94	17.84	25.82	31.63	80.99	90.93
Cost of Direct Material & Charges on Insttn to value of Production incl. Excise Duty (%)	<b>72.91</b>	63.34	76.55	78.85	64.56	67.58	70.77	74.00	90.25	91.94
Debt-to-Equity Ratio	<b>(2.88)</b>	(2.15)	-	-	-	-	-	-	-	-
Return on equity (ROE)/Return on net worth Ratio	<b>(0.17)</b>	(0.14)	-	-	-	-	-	-	-	-
Net Profit Margin (%)	<b>5.55%</b>	6.82%	-	-	-	-	-	-	-	-
Debtors/Receivable Turnover Ratio	<b>0.58</b>	0.54	-	-	-	-	-	-	-	-
Inventory Turnover Ratio	<b>11.90</b>	9.48	-	-	-	-	-	-	-	-
Interest Coverage /Debt Service Coverage Ratio	<b>1.94</b>	1.71	-	-	-	-	-	-	-	-
Operating Profit Margin (%)	<b>1.00%</b>	(3.25%)	-	-	-	-	-	-	-	-
<b>FINANCIAL RATIOS</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Growth Ratios:</b>										
Annual growth in value of Production (%)	<b>12.66</b>	3.81	30.01	102.75	(19.53)	(15.60)	(8.63)	(51.46)	(55.68)	162.77
Annual growth in Gross Block excluding Revaluation Reserve (%) \$	<b>35.80</b>	84.09	(87.27)	3.98	(0.58)	0.10	0.39	0.68	0.29	0.20
<b>OTHER STATISTICS</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Turnover composition:</b>										
To BSNL/MTNL	<b>974</b>	1188	1083	592	239	260	181	206	1963	4298
Others	<b>920</b>	515	528	661	381	510	740	787	176	362
<b>Total</b>	<b>1894</b>	<b>1703</b>	<b>1611</b>	<b>1253</b>	<b>620</b>	<b>770</b>	<b>921</b>	<b>993</b>	<b>2139</b>	<b>4660</b>
Value added	<b>276</b>	324	283	177	153	164	166	164	328	335
No. of Employees as on 31 <sup>st</sup> March	<b>3520</b>	3576	4052	5229	6177	7311	8516	9512	10616	11737
Value Added per Employee (₹)	<b>777903</b>	849502	609848	310363	226868	207241	184158	162957	293473	275800
Value of Production per Employee (₹)	<b>5369222</b>	4433665	3510398	2197089	916370	970493	1009541	989666	1835995	3811798

- \$ 1. Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities
- \$ 2. As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. [Figures in brackets indicate negative figures]



**FIGURES AT A GLANCE**

		₹ in Crore	
<b>BALANCE SHEET</b>	<b>As at 31<sup>st</sup> March 2019</b>	<b>As at 31<sup>st</sup> March 2018</b>	
<b>(a) What the Company owned</b>			
Fixed Assets	2775		2663
Less: Depreciation	80		43
Net Block	<u>2695</u>		<u>2620</u>
Capital Work-in-Progress	165		149
Investments	1		1
Current Assets, Loans & Advances	4097	4232	
Less: Current Liabilities	<u>4596</u>	<u>4875</u>	
	-499		-643
Add: Non Current Assets	<u>2</u>		<u>6</u>
	<u>2364</u>		<u>2133</u>
<b>(b) Less: What the Company owed</b>			
Non-Current Liabilities	<u>570</u>		<u>505</u>
<b>(c) Shareholders' Funds [a]-[b]</b>			
	<u>1794</u>		<u>1628</u>
Represented by:			
Share Capital	897		760
Reserves & Surplus	2902	2961	
Revaluation Reserve	2335	2339	
Grant-in-aid	0	0	
Less: Profit and Loss Account (Debit)	<u>4340</u>	<u>4432</u>	
	897		868
	<u>1,794</u>		<u>1,628</u>

		₹ in Crore	
<b>PROFIT AND LOSS ACCOUNT</b>	<b>For the year ended 31<sup>st</sup> March 2019</b>	<b>For the year ended 31<sup>st</sup> March 2018</b>	
<b>(a) What the Company earned</b>			
Sales including services(incl. excise duty, service tax & GST)	1,894	1,703	
Other Income	336	381*	
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components	11	(12)	
	<u>2,241</u>	<u>2,072</u>	
<b>(b) What the Company incurred</b>			
Materials	1,389	1,071	
Employees Cost	204	226*	
Depreciation	37	25	
Financing Expenses	106	153	
Other Expenses(including excise duty and service tax/GST)	412	367	
	<u>2148</u>	<u>1842</u>	
<b>(c) Profit/(Loss) before tax (a-b)</b>			
	93	230	
<b>(d) Less: Provision for Taxation</b>			
	0	0	
<b>(e) Profit after tax</b>			
	93	230	
<b>(f) Other Comprehensive Income</b>			
	18	5	
<b>(g) Total comprehensive Income for the period **</b>			
	<u>111</u>	<u>235</u>	
<b>(Comprising profit/(Loss) and other comprehensive Income for the period)</b>			

\* Employee cost & Other income includes ₹2.86 crores on account of VRS funded from the Government of India.

\*\* Profit for the year including Other Comprehensive Income of ₹111 crores and Profit of ₹102 crores is without Grant In Aid of ₹ Nil and ₹132.98 crores respectively.

₹ in Crore

SOURCES AND APPLICATION OF FUNDS	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>SOURCES OF FUNDS</b>		
1. Depreciation	37	25
2. Increase in Borrowings	32	47
3. Reduction in Working Capital	0	0
4. Revenue Grant in aid received	0	133
5. Capital Grant in aid received	55	337
6. Increase in Non-Current Liabilities	65	10
7. Decrease in Non-Current Assets	5	0
8. a) Profit After Tax*	93	97
b) Other Comprehensive Income	18	5
	<b>305</b>	<b>654</b>
<b>APPLICATION OF FUNDS</b>		
1. Loss After Tax	0	0
2. Decrease in Borrowings	0	0
3. Increase in working Capital	177	458
4. Fixed Assets	128	190
5. Capital Grant-in-aid utilised	0	0
6. Revenue Grant-in-aid utilised	0	0
7. Decrease in Non-Current Liabilities	0	0
8. Increase in Non-Current Assets	0	6
	<b>305</b>	<b>654</b>

**Note:**

\*Profit of ₹93 crores and Profit of ₹97 crores is without Grant In Aid of ₹ Nil and ₹132.98 crores respectively.



## Directors' Report

### Dear Shareholders,

The Board of Directors have pleasure to present the 69<sup>th</sup> Directors' Report on the business operations of the Company together with its Audited Financial Statements for the financial year (FY) ended March 31, 2019.

### FINANCIAL PERFORMANCE

The performance of the Company (Standalone basis) for the year 2018-19 as compared to the previous year 2017-18 is as follows :

Rs. in Crores

S.No.	Particulars	2018-19	2017-18
1	Sales including services	1894	1703
2	Value of Production	1905	1691
3	Loss/Profit after tax	93	230
4	Other Comprehensive Income	18	5
5	Total Comprehensive Income	111	235
6	Financing Expenses	106	153
7	Depreciation	37	25
8	Capital Employed (Net Fixed Assets + working capital)	2197	1978
9	R&D Expenditure	22	15

### OPERATIONAL PERFORMANCE

The Company has achieved Sales of Rs. 1894 Crores during the FY 2018-19 against Rs. 1703 Crores during the previous FY 2017-18. This is remarkably the highest turnover in the past eight years. Net profit after tax for the FY ended March 31, 2019 is Rs 93 Crores.

### IMPLEMENTATION OF REVIVAL PACKAGE OF ITI LIMITED

Revival plan for the company by fund infusion of Rs. 4156.79 Crores (Rs. 2264 Crores in the form of equity and Rs. 1892.79 Crores as grant-in-aid) was approved by the Cabinet Committee on Economic Affairs (CCEA) in February 2014.

The Company received Rs 664.00 Crores till Financial year 2018-19 as Capex Fund in the form of equity. Capex Fund amounting to Rs 55 Crores has been received during FY 2018-19. Rs 105 Crores has been allocated in budget as Capex funds for FY 2019-20.

The Capex Funds has been invested for upgrading the manufacturing infrastructure at various Units of ITI to cater the need of emerging technologies in Telecom industry. Under Revival plan, several projects have been implemented at various manufacturing plants of ITI and some projects are under implementation. These projects have helped ITI to regain its manufacturing strength.

The state of the art infrastructure established under revival package funds provided to ITI by Government of India has boosted the manufacturing strengths to a new high paving way for manufacturing various telecom and allied products to cater for domestic market demands under make in India mission of Government of India.

### MAJOR HIGHLIGHTS

The turnover for the FY 2018-19 is mainly constituted from supply of GPON Equipments under BharatNet Phase I Project, Network For Spectrum (NFS) project, business generated by Corporate Marketing & Marketing Services & Projects (MSP) Offices, Business from Defence Sector viz ASCON AMC, Defense Product supplies & it's AMC, Business from BSNL & MTNL dealing with products of MLLN and SSTP Projects & it's AMC, CDOT AN RAX, NGN AMC, Supply of NGN, CPAN & WiFi Hotspots, AMC for GSM-SZ & GSM-WZ, AMC for OCB, Execution of BharatNet Phase II Projects viz. MahaNet & GujNet orders, Business from Data Centre and supply of Smart Energy Meter to M/s Energy Efficiency Services Limited (EESL).

The Company has been implementing projects of National Importance such as BharatNet Phase – I & Phase II Projects. ITI has bagged turnkey orders for Supply, Installation, Commissioning and Maintenance of GPON Equipment covering about 47400 Gram panchayats (GP) from BBNL & BSNL. This project will extend High Speed broad band services on GPON platform to rural masses. The Company has bagged purchase orders to the total value of Rs. 566.12 Crores during the year 2016-17, 2017-18 & 2018-19 from BBNL/BSNL under "BharatNet Phase I Project". Out of these orders worth Rs. 382.51 Crores have already been executed. In FY 2018-19, ITI has supplied 300 nos of GPON OLT and 7100 nos of ONT. With this, ITI has successfully manufactured, supplied & commissioned 1850 nos of GPON OLT and 47444 nos of ONT against BharatNet phase I project. This will enable broadband provisioning to 47444 Gram panchayats (GP) across India.

ITI has deployed 400 teams for Installation and Commissioning of nationwide network of BharatNet connecting uncovered Gram Panchayats in the remote Rural Parts of India.

ITI has also participated in the tenders of "BharatNet phase II Project". This project provides Broadband connectivity to 1.5 lakhs Gram Panchayats in India. ITI has won three tenders viz MahaNet, GujNet and West Bengal under BharatNet Phase II Project. Against these tenders, order worth Rs. 3134 Crores is received for MahaNet from Maharashtra State and order worth Rs. 426.19 Crores is executed during FY 2018-19; Order worth Rs. 1417 Crores received for GujNet from Gujarat State against which order value worth Rs. 17 Crores is executed during FY 2018-19. Further, advance purchase order worth Rs. 233 Crores is received from West Bengal state.

ITI also has received orders worth Rs. 18 Crores for providing Third Party Audit Services (TPA) for implementation of BharatNet Phase II project in the states of Odisha and Jharkhand. Further, ITI has won L1 position in the tenders of TPA for BBNL Tier- II and BSNL Satellites tenders for 13 states. Orders worth Rs. 45 Crores are expected from these tenders.

The other important project being executed is the NFS (Network For Spectrum) project worth Rs.2985 Crores for the defense forces of India which involves, Supply, trenching, laying, Installation, testing and maintenance of Optical Fiber Cable, PLB Duct and accessories for construction of exclusive Optical NLD backbone and Optical access routes on turnkey basis with AMC in the Eastern and North- Eastern region of the country. ITI has won the order for these 2 zones, for deployment of optical fibre for around 13,500 Kms of length. Out of the total of 13500 kms cable laying, nearly 11,275 kms have been laid in both F and G Packages. So, ITI has already completed 83.6% of the work and will be completing the entire project by the FY 2019-20.

On the defense front, the company is L1 in a mega tender of Army Static Switched Communication Network (ASCON) Phase IV project and expect an order worth Rs. 7600 Crores from the Ministry of Defense to deploy and maintain Phase IV of the Army's modern communication network across India. The project includes civil works for the infrastructure and laying of optical fiber network, installation, commissioning and maintenance of equipment such as IP MPLS routers, Microwave Radio, Satellite terminals, NMS and Mobile Nodes.

Major focus has been given for the design and manufacture of secrecy equipments required for Defence sector. ITI has also received purchase order for value of Rs. 86 Crores from Defense for Design, development, manufacture, supply and AMC of Multi-Channel Encryption Units (MCEU) under NFS project to Defence and project is under execution. In addition, ITI has orders for Secrecy Products for other projects for defense. ITI is bidding for more tenders for Secrecy equipment's and confident of getting additional orders.

ITI has also bagged huge order worth Rs. 840 Crores from Energy Efficiency Services Limited (EESL) for supply of Smart Energy Meters and the order is under execution. Further, ITI also received orders to the total value of Rs. 473 Crores from BSNL for supply, installation and AMC of Phase I Broadband Network Gateway (BNG), Distributed Denial of Services (DDoS), Radio Modem and WiFi Hotspot. The

supply, I&C of BNG and DDoS are already completed during FY 2018-19, whereas the supply of Radio Modem & Wifi hot spots completed during FY 2018-19 but installation under progress which will be completed during FY 2019-20. ITI has got outstanding advance purchase order worth Rs. 211 Crores for supply, I&C and AMC of BNG Phase II & III equipment and firm order is expected to be received against this APO during the FY 2019-20.

In addition to above ITI received orders worth Rs. 19.20 Crores from railways for conducting online RPF exam and completed the order during FY 2018-20. ITI also received order worth Rs. 63.45 Crores from EESL for supply, installation, commissioning and AMC of Centralized Control Monitoring System of LED street lights in the villages of Andhra Pradesh. ITI has already supplied items worth Rs. 20 Crores during FY 2018-19 and the balance order will be executed during FY 2019-20.

ITI has also obtained an advance purchase order worth Rs. 6633 Crores for Operation & Maintenance activities of GSM Passive Infrastructure from BSNL. This order is to be executed in 10 years.

ITI has also ventured in to diversified products/services/solutions like OFC /HDPE pipe manufacturing, Smart card manufacturing, Radio modem, Antenna, Data Centre services (SaaS, Aadhaar based authentication Services etc.), Digital Mobile wallet TAG-ITI for cashless transaction, Products / solutions under IOT verticals, Component screening, manufacturing and supply of avionics modules for ISRO, Set top box, Hand Held Terminals, Mini PC, Smart energy meter manufacturing etc. Solar panel manufacturing line for 18 MWp capacity is installed at ITI Naini. One line of HDPE pipe manufacturing has been commissioned at Palakkad unit and 3 lines of HDPE manufacturing are commissioned at Rae Bareilly plant (pilot production has been done and supply made to BSNL), to enhance the capacity in view of huge requirement. ITI has installed manufacturing line for Optical Fiber Cable (OFC) at Rae Bareilly unit.

ITI's order book position is very strong and is expected to reach to a historic mark of Rs. 20,000 Crores during 2019-20. ITI is pursuing many more tenders in the defense sector mainly for NFS project etc and also other tenders such as Smart City Projects, WiFi Access Points, OFC laying, Supply of ONT/OLT, IP CCTV RailTel tender, Karnataka FiberNet Project etc.

The overall performance of the Company is as follows:

#### PRODUCTION

(Value in ₹Crores)

Sl. No.	Products/Projects	2018-19 (Including GST)	2017-18 (Including ED, ST & GST)
1	MahaNet	426.19	0.00
2	Corp Mktg & MSP	413.89	200.11
3	NFS Project	274.94	267.11
4	NGN Mfg.	128.71	55.66
5	Defence Business & AMC/ ASCON AMC/ Turnkey	121.51	127.00
6	UT Star CPAN	106.15	0.00
7	MLLN / MLLN AMC/ SSTP	72.48	185.66
8	GPON (ONT, OLT, SPV and I&C)	55.20	390.99
9	GSM SZ AMC	46.08	159.59
10	WiFi Hotspot	37.04	0.00
11	Smart Energy Meter	30.84	22.20
12	GSM WZ Projects - AMC	27.61	34.46
13	Banking/ Div. Prod./ Contract Mfg.	20.97	5.06
14	OCB AMC Business	20.23	26.73
15	CCMS	19.94	0.00
16	Data Centre	19.28	17.80
17	Online RPF exam	19.20	0.00
18	GujNet	13.31	0.00

19	SMPS & Repairs	11.55	5.81
20	CDOT AN RAX / Cards / AMC	7.40	12.26
21	NGN / C5/ Ph2/ AMC	6.98	3.57
22	3D Printing/Wallet/Aadhaar based Business /Set Top Box/ Mini PC / Component Screening/LED Street Lighting	6.51	55.84
23	Misc. Services, Raebareilly	4.22	7.80
24	Misc. Projects, Srinagar	3.18	0.00
25	SATCOM,PCM MUX & Teleset	0.61	2.95
26	NPR / SECC Projects (Data Collection)	0.00	122.03
27	HDPE PIPE Mfg	0.00	0.48
	<b>Total</b>	<b>1894.02</b>	<b>1703.11</b>

#### SHARE CAPITAL:

During the year 2018-19, the authorized share capital of the Company has been increased from Rs. 12,00,00,00,000 (Rupees One Thousand Two Hundred Crores only) divided into 80,00,00,000 Equity Shares of Rs.10 each and 4,00,00,000 Redeemable Cumulative Preference Shares of Rs.100 each to Rs. 35,00,00,00,000 (Rupees Three Thousand Five Hundred Crores only) divided into 280,00,00,000 Equity Shares of Rs.10 each and 7,00,00,000 Redeemable Cumulative Preference Shares of Rs.100 each by addition of 200,00,00,000 Equity Shares of Rs.10 each and 3,00,00,000 Redeemable Cumulative Preference Shares of Rs.100 each. The same has been approved by the shareholders in the Extra Ordinary General meeting held on 05.04.2018

The Government of India vide order no. 20-86/2014-FAC-II dated 29<sup>th</sup> August 2019 sanctioned Rs 300 crore as grant-in aid to the Company for redemption of preference shares held by Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). Accordingly, with the approval of the Board of Directors, the Company has redeemed following preference shares:

- > 1,00,00,000 8.75% Cumulative Redeemable Preference Shares of Rs 100 each at par to MTNL;
- > 2,00,00,000 7.00% Cumulative Redeemable Preference Shares of Rs 100 each at par to BSNL

During the period under review, pursuant to BIFR order the company has allotted 13,70,00,000 equity shares of Rs. 10/- each at par on preferential basis to The President of India against the Capex grant of Rs. 137.00 Crore received from Government of India. Accordingly, the paid up Equity Share Capital as on 31<sup>st</sup> March 2019 was Rs. 897,00,00,000.

As per approval of Government of India received vide letter no. 20-36/2012-FAC- II dated 20-07-2016 to meet SEBI's erstwhile Minimum Public Shareholding requirement (of 10%), 3,37,00,000 equity shares of Rs.10 each were transferred by The President of India to Special National Investment Fund (SNIF) during the year under review.

During the year under review, the Company has not granted stock options or sweat equity shares. As on 31<sup>st</sup> March 2019, none of the Directors of the Company hold any shares of the Company.

#### FURTHER PUBLIC OFFER (FPO)

The Cabinet Committee on Economic Affairs (CCEA) at its meeting held on 21<sup>st</sup> March 2018 approved the Further Public Offer of ITI ("FPO") consisting of Issue of 18 Crore fresh equity shares of the face value of Rs 10 each at a price to be determined through a book building process. In addition to this, additional equity shares not exceeding 5% of the Fresh Issue to Public (18 Crore equity shares) will be reserved for the employees of the Company. The eligible employees and retail investors may be offered shares at a discount of 5% on the Issue Price subject to the decision of a FPO committee and the Board. It has also been approved by the shareholders in Extra Ordinary General Meeting held on 05.04.2018. The objects

of FPO is to raise working capital for new projects, reduce its debt obligations and to meet SEBI's requirement of Minimum 25% Public shareholding. After the FPO process, the Government of India will continue to hold 75% of the equity shares of the Company.

During the financial year 2018-19, the Company has filed Draft Red Herring Prospectus (DRHP) with SEBI on 28.09.2018. The Company has received observation from SEBI on DRHP vide its letter dated 25.01.2019, whereby the SEBI has granted its approval for opening of the issue for subscription within a period of 12 months from the date of issuance of the observation. The Company also received in-principle approval from BSE Limited and National Stock Exchange of India Limited for FPO.

#### RECEIPT OF CAPEX

The Company has received capex of Rs 50 crore vide Government of India Order dated 06.12.2018 and Rs 5 crore vide Government of India Order dated 29.03.2019. Further, the Company has received Rs 35 crore and Rs 70 crore as capex receipt vide Government of India Order dated 08.05.2019 and 24.08.2019 respectively. Your company is yet to allot shares to The President of India for the said Capex infusions. The administrative ministry vide letter no. 20-86/2014-FAC. II dated 02.08.2019 has conveyed approval of competent authority for allotment of shares to President of India on prevailing market price or average share price for three months prior to the date of allotment whichever is lower.

#### DIVIDEND

As your Company still has accumulated losses, the Directors are not in a position to recommend any dividend for the year 2018-19. The Dividend Distribution Policy as formulated by the company, may be accessed at the weblink [http://www.ititd-india.com/investor\\_information](http://www.ititd-india.com/investor_information)

#### RESERVES

As the Company still has accumulated losses the Company has not transferred any amount to reserves.

#### OPERATIONAL PERFORMANCE OF PRODUCTION PLANTS AND SERVICE UNITS

##### BANGALORE PLANT

##### I. PERFORMANCE

Bangalore Plant has achieved a turnover of Rs. 834.62 Crores during the financial year 2018-19. The turnover consists of supplies and services provided to the customers.

- Under supplies head - Centralized Control and Monitoring System (CCMS) for LED Street Lights worth Rs. 19.94 Crores; NGN equipment worth Rs.131.25 Crores; CPAN(Comprehensive Passive Access Network) project equipment worth Rs. 106.15 Crores; BSNL WiFi Hotspots worth Rs. 37.04 Crores; CDOT AN RAX cards worth Rs. 7.40 Crores have been supplied by the Plant.
- Under services head - The unit has executed part of MahaNet project worth Rs.426.19 Crores; Online exams for RPF worth Rs. 19.20 Crores; GSM-SZ AMC worth Rs. 46.08 Crores; Defense AMC worth Rs 8.9 Crores; NGN Equipment AMC worth Rs 3.54 Crores; Data Centre services worth Rs. 19.28 Crores; Contract Manufacturing, Reliability Lab and 3D Printing services worth Rs. 7.94 Crores.

##### II. PROJECTS EXECUTED DURING THE YEAR 2018-19

##### MahaNet (BharatNet-Phase II) project at Maharashtra:

Maharashtra Information Technology Corporation Ltd, has come out with a Request for Proposal for Selection of Project Implementation Agency (PIA) for MahaNet-I (BharatNet-II) Project in Maharashtra. ITI has participated in Package A & C and stood 'L1' in both the packages.

Total Order value received is Rs. 3134 Crores. The Plant has executed order worth Rs. 426.19 Crores during the FY 2018-19.

The Scope of work involves Optical Fibre Cable (OFC underground and aerial) site survey, planning, procurement, design, implementation of Taluka, GP network, horizontal connectivity to Government premises, schools and Public Health Centers (PHC) (this also includes radio connectivity for Gram Panchayats that cannot be connected through fibre), Access electronics implementation, Central electronics implementation, Wi-Fi implementation and Operations & Maintenance - NOC/ DR, DC/ Cloud, NMS & BSS,

**Package A :** Underground Route KMs = 11,078; Aerial Route KMs = 5,079

**Package C:** Mixed Route KMs = 10,927; Aerial Route KMs = 7,255

##### Wi-fi Hotspots Project:

ITI has received orders worth Rs. 69.20 Crores for Supply, installation, Commissioning, Operation and Maintenance of 4206 nos of Public Wi-Fi Hotspots on BSNL's rural exchanges of BSNL on turnkey basis. The Plant has supplied equipments worth Rs. 37.04 Crores during FY 2018-19 and the balance order is under execution.

##### Data Centre Services:

ITI's state-of-the-art Tier 3+ Data Center is currently spread over more than 2, 00,000 Sq. ft. with world class facilities. It has the capability to house thousands of IT Infrastructure equipment and is designed to offer a wide spectrum of core hosting services with best suite of value added services under highly secure and stable environment. The company is providing Aadhar authentication services, e-KYC services, core banking applications, mobile wallet application etc. The turn over achieved during the year with Data Centre Services is Rs.19.28 Crores.

##### Next Generation Network (NGN):

ITI Bangalore plant has supplied NGN equipment worth Rs. 128.71 Crores on contract manufacturing basis to M/s UTSTAR, for supplying to BSNL.

Also the Plant has supplied to BSNL the NGN Equipment and rendered AMC services for these equipment to the total value of Rs 6.98 Crores during the year 2018-19.

##### Comprehensive Packet Access Network (CPAN):

The plant has supplied CPAN equipment worth Rs. 106.15 Crores. to M/s UTSTAR on contract manufacturing basis, for supplying to BSNL.

##### CDOT AN RAX:

The Plant has manufactured and supplied CDOT AN RAX equipment worth Rs. 7.40 Crores to BSNL during the FY 2018-19.

##### Defence projects:

ITI is the leader in supplying Secrecy equipment for the secured communication in the Defence networks. In the year 2018-19, ITI had executed orders worth Rs. 8.98 Crore for Defence sector through supply of Secrecy Encryptors and AMC of equipment supplied to Defence.

##### Centralized Control and Monitoring System (CCMS)

##### Supply & Installation of CCMS Units in villages of Andhra Pradesh:

ITI has received Letter of Award from EESL against the Tender of "Design, Manufacture Supply, Installation, Commissioning, Testing and Maintenance of Lighting Control (CCMS) for Installed LED Streetlight in all Gram Panchayats of Andhra Pradesh for a quantity of 22500 nos.

Implementation of the project is being done in multiple small batches based on the supply scheduled and same set of processes for each batches.

- Supply of 17500 nos CCMS boxes has been completed during FY 2018-19.
- Remaining 5000 nos will be supplied in by August 2019



**To Conduct Online Test Examination for Recruitment of Constables in RPF/RPSF (Railway Protection Force/Railway Protection Special Force):**

The Plant received order worth Rs. 19.20 Crores during 2018-19 for conducting online RPF exam and the order is completed during 2018-19.

The scope of work includes:

- Registration of the candidates on recruitment portal
- Finalizing the test centres for all registered candidates across India
- Uploading of E-Admit card.
- To provide secured encrypted/VPN protected downloading of the question paper
- To conduct online test across the country and provide security arrangements, CCTV feed storage on servers etc. at all centres during online examination
- To finalize the result on the basis of scores and merit list.

**Project Details:**

- No. of candidates registered : Approx. 9.1 Lakh
- Exam duration : 27<sup>th</sup> march to 05<sup>th</sup> April 2019
- No. of Centres allocated : 136 (Across India)
- Total turnover achieved : Rs. 19.20 Crores.

**Internet of Things (IoT):**

Under Centre of Excellence (COE), a centre has been set up to develop solutions for the Internet of Things (IoT), namely Smart Environment, Smart Lighting, Smart Home/office, Smart Health, Intelligent Transport System, SCADA Solutions, Water, Gas, & Electricity, RFID Based solutions, Education Sector, etc.

IoT has been actively pursuing Smart city project opportunities and is in the process of participating in the upcoming major smart city tenders for the role of Master System Integrator.

IoT Bangalore plant has entered into a MOU with CDAC Bangalore in the field of ICT Technology. Currently working on the following Initiatives:

1. Actively working for pilot implementation of Smart Post Box for Dept. of Post Karnataka circle.
2. Actively working with Dept. of Agriculture, Karnataka circle for pilot implementation of smart agriculture project for Proactive measures for pest attacks & irrigation schedules for crops like Paddy, Ground Nut.

**3D printing:**

3D printing is a revolutionary manufacturing method by which we can create various types of Three Dimensional (Solid) parts and a revenue of 1.17 Crores generated for the FY 2018-19.

**TAG – ITI Wallet:**

TAG-ITI MOBILE WALLET is a cashless secure payment service under Digital India initiative of government of India “Mera Mobile – Mera Bank” which has a huge popularity especially after the Demonetisation move of GOI. All the transactions are executed and monitored by ITI’s Data Centre in Bangalore plant.

**Skill development:**

A state of the art skill development centre has been set up under Pradhan Mantri Kausal Vikas Yojna (PMKVY) to cater to the skill development need and to impart Hands on Training of GE certified course at the Centre of Excellence CoE.

Two batches totaling 71 students were trained on the OFC splicing technique and it is matter of pride that all the students who attended the online test have cleared the exam.

**MoU signed during the year:**

Bangalore plant has signed MoUs for development of Radio Modem with M/s Logic Fruit, CLIP phones with M/s Avyaya for non-Defence model & M/s Arbutus for Defence model, Antenna with M/s Telemart.

**MANKAPUR PLANT**

**I. PERFORMANCE**

Mankapur Plant has achieved a turnover of Rs. 129.60 Crores during the financial year 2018-19 which includes turn over reported by GSM West Zone Project against execution GSM WZ AMC orders. The turnover consists of supplies and services provided to the customers, which is as follows:

- Under supplies head - Rs 1.36 Crores worth Titli ONTs and Banking Products; (Mankapur has manufactured & supplied 8746 nos of ONTs to Raebareli against GPON and GujNet orders on SSU basis and the turnover of this supply is booked by Raebareli Plant)
- Under services head - Rs 100.63 Crores worth NFS Project has been executed by the Plant.

**II. PROJECTS EXECUTED DURING THE YEAR 2018-19**

**Network For Spectrum Project:**

Prestigious NFS project for package F for construction of exclusive optical NLD backbone and optical access route on turnkey basis for Defense network allocated to ITI Mankapur is worth Rs. 843.83 Crores excluding AMC. Out of this, cable laying and services work worth Rs. 100.63 Crores have been completed in FY 2018-19.

**GPON:**

Plant has manufactured and supplied a total of 8746 nos ONT 11 (GPON equipment) to Raebareli against BSNL and BBNL Add on II orders and GujNet order during the year.

**TITLI Optical Network Terminal:**

Plant has executed order worth Rs. 0.46 Crores of ONT Titli, a CPE against BSNL, Kerala and other miscellaneous orders.

**Note Counting Machine:**

ITI Mankapur is doing business in Diversified Products also. Plant is manufacturing Note Counting machine (NCM) for the last 17 years. Besides note counting, to counterfeit detection, Unit has developed a new model by adding extra feature of UV Fake Note Detector in it. The Plant has supplied Banking products worth Rs. 0.90 Crores during the year 2018-19.

**Supply of Sanitary Napkin Vending Machines:**

Installing Napkin Vending machines at all workplaces, as more women are joining the workforce in both organized and informal sectors in India, schools and colleges can be that small step which can prove to be a giant leap for womankind. Keeping in view the necessity of Napkin Vending Machines, Plant has contributed in its own way by developing and supplying a new Product – “**Flora–Sanitary Napkin Vending Machine**”- A step towards Women Health & Hygiene.

**Skill Development:**

ITI Mankapur is organizing “Finishing School” for the engineering under graduates pursuing higher studies or skill development. Under Finishing School project towards the knowledge based activities, ITI Mankapur earned revenue of approx.

Rs. 0.16 Crs while imparting training on technical innovation and skill up gradation to the engineering students from various reputed Engg. Colleges and Polytechnics of the country, for their better career opportunities.

**MoU Signed:**

ITI Ltd. Mankapur signed MoU with NIELIT Gorakhpur. The broad objectives of this MoU is to develop Human Resource at various levels including Certificate, Diploma, M. Tech., M.Sc. (Electronics) and Research Professionals with adequate competence levels to conduct skill development programme for National Skills Qualifications Framework (NSQF) approved courses in Electronics and IT Sector. This will mutually help in Self-employment, Entrepreneurship and revenue generation.

ITI Ltd. Mankapur has also signed MoU with different Govt. Polytechnics. The main objective is to impart skill development training to their students which in turn will generate revenue.

**RAE BARELI PLANT**
**I. PERFORMANCE**

In the financial year 2018-19, Raebareli Plant has recorded a turnover of Rs. 233 Crores. The turnover consists of supplies and services provided to the customers.

- ❑ Under supplies head – The Plant has supplied GPON equipment worth Rs. 42.92 Crores against GPON order received from BSNL and Gujarat State; SMPS equipment worth Rs. 11.55 Crores to BSNL.
- ❑ Under services head -. Rs. 100.63 Crores worth NFS Project has been executed by the Plant.

**II. PROJECTS EXECUTED DURING THE YEAR 2018-19**
**Network For Spectrum Project:**

The plant has achieved a turnover of Rs. 174.31 Crores towards NFS Cable laying for Package G for construction of exclusive optical NLD backbone and optical access route on turnkey basis for Defense network.

**GPON Project:**

The Plant has also achieved turnover of Rs. 42.92 Crores towards supply of GPON 300 nos OLT and 8746 nos ONT for BSNL Add-On II order and GujNet order.

**SMPS:**

Further, the Plant has made turnover of Rs. 11.55 Crores through supply of SMPS and Rs. 4.22 Crores towards miscellaneous services.

**PALAKKAD PLANT**
**I. PERFORMANCE**

Palakkad Plant has achieved a turnover of Rs. 121.84 Crores during the financial year 2018-19. The turnover consists of supplies and services provided to the customers.

- ❑ Under supplies head – The plant has supplied MLLN equipments worth Rs. 21.13 Crores to BSNL; SSTP equipment worth Rs. 4.59 Crores to BSNL; Smart Energy Meter worth Rs. 30.84 Crores to EESL; Mini PC worth Rs. 5.75 Crores and also Contract manufacturing products worth Rs. 12.13 Crores
- ❑ Under services head -. The plant has executed AMC services worth Rs. 46.76 Crores for MLLN & SSTP equipment supplied to BSNL & MTNL. Orders worth Rs. 0.64 Crores has been executed by the plant for Component screening to VSSC.

**II. PROJECTS EXECUTED DURING THE YEAR 2018-19**
**MLLN / SSTP Project:**

ITI Palakkad has been awarded an order for Rs. 21.13 Crores from BSNL for the supply, installation & commissioning of MLLN modems and Rs. 4.59 Crores towards SSTP equipment.

AMC orders worth Rs. 46.76 Crores of MLLN and SSTP projects were successfully executed. 24 x 7 technical support had been provided to BSNL and MTNL for MLLN, SSTP and OCB projects.

**Smart Energy Meter:**

Smart energy meter allows two way communications between energy distributors and consumers and has features like remote load connect / disconnect, anti-tampering, demand management, gathering real time information, remote firmware upgrade etc. The product conforms to the technical specifications outlined for Advance Metering Infrastructure (AMI) and is compatible with Smart Grid Communication technologies and supports distributed generation and can be used in single/three phase connections.

ITI has been awarded with the letter of award (LoA) from Energy Efficiency Services Limited (EESL) for the manufacturing, supply and maintenance of 25 Lakhs GPRS based Smart energy meters complying to IS 16444 technical specifications. The order value is Rs. 840 Crores to be executed within 3 years. ITI Palakkad has received type approval and BIS certification for Smart Energy meters complying to IS 16444 technical specifications. Facilities and infrastructures already set up in the plant for bulk manufacturing, testing and supply of Smart Energy Meters. The Plant has reported the turnover of Rs. 30.84 Crores during the year 2018-19.

**Mini PC:**

ITI Palakkad has started assembly and marketing of Mini PC, which is having unique features such as no moving parts, low power consumption, sleek design, high performance computing with built-in features, Wi-Fi, Bluetooth, Ultra HD 4K graphics, dual display and operating in a silent environment. The product is now registered in GeM portal as “Micro PC”.

Trade mark is registered and BIS, CE, FCC, ROHS, and Energy Star Certifications have been received. The product is also customized with add on features such as Smart Power Station with dual power input as grid and solar and 3 hour backup, Smart lock for Physical Security etc.

PoC for the product was successfully demonstrated at LIC, KSEB, E Health, Supplyco, Treasury, IT Mission, Finance dept, NIFT, and other various Kerala Govt. depts. We are also making efforts to sign a MoU with Common Service Centre (CSC) so as to deploy almost 2.5 Lakhs of Mini PCs in various CSCs across India. The target market is Central / State Govt departments, Universities, Hospitals, Research organizations, Public / Private corporations, Banks, educational institutions etc.

ITI had executed business worth Rs. 5.75 Crores. towards the supply of Mini PCs to various government departments/institutions.

**Business with VSSC and other Space Research Organizations:**

ITI Palakkad is having business association with VSSC (Vikram Sarabhai Space Centre) and LPSC (Liquid Propulsion System Centre) which are the two units of ISRO located at Trivandrum. Both of these units are engaged in the Manufacturing, Testing and Integration of all Launch Vehicles - PSLV, GSLV etc. – of various space missions of ISRO.

This business comprises of two different streams of operations.

**1. Assembly & Testing of various flight packages:**

The plant has an exclusive Space Electronic Fabrication Centre to manufacture Space and Military grade assemblies. The facility is accredited by VSSC, for all the activities connected with realization of electronic assemblies in launch vehicles (PSLV, GSLV and GSLV Mark III). Officials engaged in these activities are trained and

certified by VSSC solder school. All the required components are being provided by VSSC, as free issue materials (FIMs). As on today, 46 Types of assemblies are already approved for production at ITI Palakkad, against which purchase orders are received and supplies in progress. This includes 3 types of RF assemblies also, for which ITI Palakkad is the first industry partner to VSSC accredited for Assembly & Testing of RF packages of launch vehicles. Developmental works for more assemblies are in progress.

## 2. Component Screening Lab:

An exclusive facility with fully air conditioned ESD protected area of 7000sq. feet with the state of art equipments is established at ITI Palakkad during 2017, for Screening and Burn-in of electronic components, assemblies and sub-assemblies used in launch vehicles.

As on now, ITI screening facility is accredited by VSSC, Trivandrum for screening of 20 types of Active and Passive electronic components, 35 types of sub-assemblies and 2 types of stacks. Test setups are being developed for more types of components and assemblies.

During the FY 2018-19 orders worth Rs. 0.64 Crores was executed by the Plant. Total order value on hand against VSSC business for the FY: 2019-20 is Rs. 11.55 Crores.

The business with VSSC is being expanded with entry into new business opportunity named as GOCO (Government Owned, Company Operated) mode. In GOCO mode, VSSC will establish all the infrastructure and facility required to execute the work at their premises by the selected industry partners. Assembly & Testing of Remote Mount Safe Arm (RMSA) is the first GOCO mode job at VSSC and ITI Limited, Palakkad is their first industry GOCO partner. More business opportunities with VSSC in this mode are expected in the current year.

The screened components and more than 1000 electronic assemblies manufactured and tested at ITI Palakkad are used for various space missions of ISRO. India's heaviest rocket GSLV Mk III- D2 launched on 14-11-2018, PSLV-C43/ HySIS mission on 29-11-2018, PSLV C44 for Military communication on 24-01-2019, PSLV Emisat mission on 01-04-2019 and PSLV C46 RISAT 2B are few among them.

### Contract Manufacturing:

ITI Palakkad has state of the art facility for undertaking contract manufacturing for the Electronic Manufacturing services (EMS) , PCB manufacturing, Integration of sub assemblies etc. The unit executed contract manufacturing business worth Rs 12.13 Crores during the financial year 2018-19.

### IoT Product – Smart Parcel Delivery System:

ITI Palakkad has developed an innovative product - Smart Parcel Delivery System (SPDS) for Department of Post to overcome the parcel delivery challenges and to improve the efficiency of Last Mile Delivery process. SPDS is a smart, electronic, automated, secured locker system for the timely delivery & pickup of articles. It enables the parcel recipients to receive their orders 24/7 as per their convenience and can be installed in public places including Post Offices, guided community centres, shopping malls, grocery outlets, and railway stations, apartments etc. The SPDS system is being operated through Mobile application using a secured access protocol. With Department of Post entering e-commerce space, SPDS is an efficient and novel technology for Parcel delivery. Proof of Concept being planned within one month time.

### Skill Development:

ITI Palakkad has introduced an innovative solution for skill development titled as "Interview Max Software". It is an artificial intelligence based interview simulator which has the capability to do two things simultaneously - a Professional Interview Simulator and an Interactive Interview Trainer. This can be deployed in professional colleges, government/private skill development center across the country.

Kerala Government has selected ITI as one of the Training Service Provider of ASAP Scheme (Additional Skill Acquisition Programme) for providing training on PCB manufacturing, Computer Hardware and Pick& Place (SMT) Machine .

## NAINI PLANT

### I. PERFORMANCE

Naini Plant has achieved a turnover of Rs 11.82 Crores during the financial year 2018-19 against supply Solar Photovoltaic Equipment towards GPON order received from BSNL.

### II. PROJECTS EXECUTED DURING THE YEAR 2018-19

#### Solar Photovoltaic Equipment:

ITI Naini Plant has supplied 6693 Nos. Solar Photovoltaic Equipment (SPE) and 409 nos. of spare to BSNL to the value Rs. 11.82 Crores. in FY 2018-19. ITI Naini unit has received TSEC of Hybrid SPV System with indigenous Solar Module of ITI Ltd Naini. For First time, ITI have manufactured and supplied 5000 Nos. SPV System with indigenous Solar Module to BBNL and BSNL projects during FY 2018-19.

Further, the Plant has received LOI from EESL for supply and installation of the offgrid solar street lights worth Rs. 75 Crores to Uttarakhand and Chhattisgarh states.

#### Skill Development :

Vocational/Summer training programs conducted for 337 Degree/Diploma/MBA students. In-house training programs organized on ERP in 3 batches for total 387 training man-days. In-plant training for 225 trainees conducted in 7 batches. 25 trade apprentices were engaged for one year trade apprentice.

Naini Unit has signed a MoU with Telecom Sector Skill Council (TSSC) for setting up a Telecom Skill Development Centre at Naini Plant. ITI Naini has also signed MoUs with Industrial Training Institutes for imparting In-Plant Training.

#### MoU Signed:

ITI Naini is implementing 10 MW Grid connected Solar Project in Naini plant in Open Access (OA) Model. A MoU was signed between ITI and M/s CER RT (Cambridge Energy Resources Renewtech) on 18.01.2019 for implementation of the project.

## SRINAGAR PLANT

### I. PERFORMANCE

In the financial year 2018-19, Srinagar Plant has recorded a turnover of Rs. 3.18 Crore. The turnover consists of supplies and services provided to the customers.

### II. PROJECTS EXECUTED DURING THE YEAR 2018-19

- Printing Panchayati, Municipal, Assembly Electoral Rolls of Kashmir Region.
- Installation of CCTV Cameras for Municipality Jammu under Jan Suraksha Yojana.
- Networking System Integration.
- Supply of Computer Hardware & Other Equipment.
- Digitization of Labour Records of Backlog Data for J&K EPF Department and
- Supply of Lab Equipment for Skill Development Centre.

## NETWORK SYSTEMS UNIT (NSU)

### I. PERFORMANCE

In the financial year 2018-19, NSU has recorded a turnover of Rs. 146.07 Crores. The turnover consists of supplies and services provided to the customers.

- Under supplies head - The Unit has supplied equipment worth Rs. 13.31 Crores to GFGNL against GujNet project during the year 2018-19.
- Under services head - The Unit has executed AMC orders worth Rs. 20.23 Crores for OCB equipment supplied to BSNL & MTNL; ASCON AMC order worth Rs. 112.53 Crores also has been executed for Defence by the Unit.



**II. PROJECTS EXECUTED DURING THE YEAR 2018-19**
**ASCON – AMC:**

The turnkey project implementation and services unit of ITI Ltd is having its core strength in execution of Turn key Projects of communication networks and Annual Maintenance Contract (AMC). It has track record of steady growth and continuous profitability. The plant has executed AMC order worth Rs. 112.53 Crores during FY 2018-19.

**OCB – AMC:**

ITI was also the major supplier of fixed line switches to BSNL and MTNL. Currently, ITI has been extending maintenance assistance to BSNL and MTNL for OCB exchanges. OCB order worth Rs. 20.23 Crore has been executed during the year 2018-19.

**GUJNET:**

ITI has received order worth Rs. 1417.71 Crores from Gujarat Fibre Grid Network Limited (GFGNL) for implementation of turnkey project for Broad band connectivity to Gram panchayats of Gujarat state under BharatNet Phase II Project. The projects includes laying of optic fiber cables ("OFC"), supply of access equipment and other related products as well as maintenance services. The Unit has clocked with turnover of Rs. 13.31 Crore in the FY 2018-19.

The unit has also got order worth Rs. 7.03 Crores against BSNL GPON order, for installation and services of GPON and it currently under implementation. The unit has successfully migrated to ISO 9001-2015 quality standard.

**Marketing Services And Projects ("MSP")**

MSP Offices, the marketing arms of Corporate Marketing Unit, are exploring, addressing and executing the business opportunities emerging out in their allocated business geographical areas viz., Delhi, Mumbai, Bengaluru, Chennai, Lucknow, Kolkata, Hyderabad and Bhubaneswar. Most of the addressed business opportunities are from non ITI products & services and are bagged & executed in association with backend business partners.

**I. PERFORMANCE**

- ❑ In the financial year 2018-19, MSP has recorded a turnover of Rs. 413.90 Crores. The turnover consists of supplies and services provided to the customers.

**II. MAJOR PROJECTS EXECUTED BY MSP OFFICES DURING THE YEAR 2018-19**
**MSP Delhi:**

- ❑ Implementation of Anti-DDoS Project of BSNL of approximate value of Rs. 48.30 Crores.
- ❑ Establishment of Data Centre of SICOM worth Rs. 17.00 Crores & executed to the tune of Rs. 8.83 Crores during the year.
- ❑ Establishment of Phonetics & Archiving Lab. of Guru Ghasidas University, Bilaspur worth Rs. 2.10 Crores.
- ❑ Geo-fencing project worth Rs. 8.99 Crores and IoT-Smart Bin Project worth Rs. 1.27 Crores of Gaziabad Nagar Nigam is under execution.
- ❑ Geo-fencing project worth Rs. 2.48 Crores Project of Panchkula Municipal Corporation is under execution.
- ❑ Supply and Installation of CCTV Projects of Delhi Police worth Rs. 3.85 Crores are under execution.
- ❑ Supply and Installation of CCTV in SUPVA, Hisar worth Rs. 3.18 Crores.
- ❑ Vehicle Tracking project of Lucknow Nagar Nigam worth Rs. 2.34 Crores
- ❑ eAuction /eTendering Solutions to various Govt Depts/Institutions/PSUs worth Rs. 28 Crores.

**MSP Lucknow:**

- ❑ Lucknow office bagged a very prestigious order worth Rs. 22 Crores from UP Minority Welfare Department for the provisioning of 'Smart Class Room' Infrastructure at 881 nos of Schools in three districts. Besides hardware and software, ITI provided educational contents also.
- ❑ It secured an order from UP Government for implementation of CCTV/Wi-Fi equipment at 4 tourist places. The value of this order is Rs. 10 Crores. Lucknow office also augmented CCTV and Audio-Video infrastructure of UP Vidhan Sabha and Vidhan Parishad. This resulted into a business of Rs. 7 Crores.
- ❑ MSP office Lucknow secured an order worth Rs. 8 Crores from Uttarakhand Jal Vidhyut Nigam for the implementation of their Corporate Wide Computer Network.
- ❑ Lucknow Office was chosen by Uttarakhand Labour Department for the supply of Solar Lanterns and Solar Street Lights. The value of these orders is more than Rs. 24 Crores. This Department also nominated ITI to supply Sewing Machines and other utility items to them for their registered laborers. This resulted into an additional business of Rs. 36 Crores.
- ❑ ITI Lucknow was selected by U.P. Govt to conduct GIS based Survey at Meerut, Kanpur, Jhansi and Gorakhpur Urban Local Bodies for the assessment of the Property Tax. The action would translate in to a business of Rs. 17 Crores.

**MSP Mumbai:**

MSP Mumbai bagged a prestigious order worth approx. Rs. 88 Crores from Maharashtra Building and Other Construction Worker's Welfare Board for providing services for implementation, operation & maintenance of Integrated Welfare Board Management System. They also secured Geo Fencing & Manpower tracking system orders from Navi Mumbai Municipal Corporation and Thane Municipal Corporation of value approx. Rs. 16 Crores & Rs. 10 Crores respectively.

MSP Offices have bagged cumulative orders worth Rs. 567.92 Crores for the FY 2019-20. Further, MSP office has won L1 position in the tender of PIA for Odisha Government Projects and order worth Rs. 600 Crores is expected. Firm order is expected during 2019-20 against the APO worth Rs. 211 Crores received from BSNL for supply of BNG Phase II & III. MSP offices are also addressing various tenders worth Rs. 380 Crores viz. Integrated command control system for Surat Municipal Corporation, supply of Bicycle and implementation of Cycle distribution system through Smart cards for MHBOWC (Maharashtra Building & other Construction workers Welfare Board), CCTV for M/s IOC, Dial 100 Project, Supply of Smart Cards for RTO MH etc.

- ❑ MSP Offices are putting efforts to explore, address and grab new business opportunities in the field of IoT, Smart City, Smart Cards, Smart lighting / Smart Buildings, e Market Place, Geo Fencing & Manpower Tracking / Vehicle Tracking etc.
- ❑ Integrated Command & Control Centres for Smart City components
- ❑ GIS Survey / GIS mapping & GPS based solutions for Govt Depts/ Institutions/ Local Bodies etc.
- ❑ CCTV Surveillance, ICT Infrastructure, e Governance, Data Centers, ERP Solutions, Solar Power Plants etc.

**RATING IN MEMORANDUM OF UNDERSTANDING ('MoU')**

The company's rating for the year 2017-18 is "Good" with a composite score of 60.59. MOU rating for the FY 2018-19 is yet to be finalized by DPE. The Company has signed MoU with the Administrative Ministry for sales turnover of Rs. 3300 Crores (at Excellent Level) for the year 2019-20.

## FUTURE OUTLOOK

The Company has undertaken many initiatives/ projects so as to boost the turnover and implement the Revival plan.

### ☐ G-PON Products Manufacturing:

ITI had participated in GPON turnkey project tenders for BharatNet Phase I project for providing high speed Broad band connectivity to 1 lakh Gram Panchayats across the country and was successful in securing orders from BBNL and BSNL. ITI successfully manufactured, supplied, installed and commissioned about 1850 OLT units and 47444 ONT's till March 2019. ITI is manufacturing these products at Rae Bareilly and Mankapur plant from component level with C-DOT technology. In view of huge requirement of OFC deployment for Govt of India under BharatNet Phase II project, there would be corresponding requirements of GPON products and solutions. For all the projects of BharatNet Ph II (GujNet, West Bengal and other upcoming projects) wherever ITI is executing the requirement of GPON solution, will be met by ITI by its own manufacturing. Bangalore plant is also geared up for manufacturing GPON products to meet the expected additional requirements.

### ☐ HDPE pipe and Optical fibre cable manufacturing:

Laying of optical fibre cable (OFC) underground is to be carried out through PLB HDPE (Permanently lubricated high density Poly ethylene) Pipe only. The demand for HDPE Pipes has risen due to several Government projects like BharatNet, Fiberization of Towers catering for 4G/5G deployments etc. Also there is huge requirement of OFC /HDPE in ASCON project. As per Govt. of India initiative for "DIGITAL INDIA" programme, optical fibre network is to be established for high speed internet access across the country. Hence, there is huge demand of PLB HDPE pipes. Apart from BSNL and BBNL, other service providers are also requiring such type of PLB HDPE pipes for their telecom service. ITI has established 3 lines of HDPE manufacturing at Rae Bareilly unit and one manufacturing line at Palakkad unit. One manufacturing line of OFC has been commissioned at Rae Bareilly unit. The Plant has also achieved completion of TSEC of 24F ADSS OFC & TSEC of 24F NZDS OFC. The capacity installed will be used to meet the requirements of ASCON and BharatNet Ph II orders on ITI.

### ☐ Secrecy Products for Defence:

The Secrecy products for Defence communication networks are being designed by our R&D and manufactured, supplied & maintained by ITI for long time. ITI has been the pioneer in this field. The products have evolved over the years in tune with the evolution in the digital communication technology. There are major requirements of encryption products for Defence for their NFS network, ASCON network etc. Company has received a purchase orders for design, manufacturing and supply of Multi-Channel encryption Unit (MCEU) under NFS project valued about Rs.86 Crores. Company is participating in tenders for defence and expected to get more business.

### ☐ BharatNet Phase II project:

Under BharatNet Phase II project for providing high speed Broad band connectivity to 1.5 lakh Gram panchayats across the country, ITI is addressing tenders from BSNL, BBNL and other state Government for securing business. ITI is having all the products for end to end connectivity required like GPON (OLT & ONT), Solar Panels, OFC, HDPE pipe, Wi-Fi & radio solution. All these products are manufactured and supplied by ITI. ITI has secured the turnkey project under BharatNet Ph II viz. MahaNet (about Rs. 3134 Crores), GujNet (about Rs. 1417.71 Crores), which are under execution, and awaiting orders for West Bengal Project (Rs. 233 Crores). ITI is also bidding for many other BharatNet Ph II tenders through which we expect additional business.

### ☐ Solar panel manufacturing.

Looking into requirement of solar panels as a part of powering the equipment's with solar power supply, ITI has established 18 MW solar panel manufacturing facility at Naini unit. In FY 2018-19, ITI has supplied about 5000 solar panels under BharatNet Ph II project. Further we expect huge demand of solar panels in the country under

National solar mission of GOI wherein the Government has decided to establish solar capacity to 100 GW in the country by 2020. ITI would like to utilise this business opportunity.

### ☐ Manufacture of smart Energy Meters:

As a part of diversification, ITI has entered into IoT and Smart City business. In this regard, ITI has tied up with many start-ups and Companies for Smart business verticals of IoT and Smart City for addressing the business opportunities in this sector. One of the Smart solutions is Smart Energy Meters wherein the legacy energy meters will be replaced by smart energy meters. These meters records energy consumption and has a facility to store the data and reproduce whenever required. These meters enable a two-way communication between the meter and the central system. The meters have a feature of monitoring the quality of power also.

ITI is executing contract for supply of GPRS energy meters to M/s. Energy Efficiency Services Limited (EESL), a Public Sector Undertaking under Ministry of Power, Government of India. ITI is manufacturing these meters and supplying. There is huge requirement of such meters in the country. This project is a stepping stone for ITI for taking up for other projects in IoT/ smart city projects. ITI Palakkad has started the delivery of meters to the customers. In order to increase the supplies, manufacturing at Bangalore plant is also in process of being augmented. ITI is also pursuing business with Electricity distribution companies for offering smart energy meters solutions known as Advance Metering Infrastructure (AMI solutions).

### ☐ Manufacture of Smart Cards:

With experience of executing the National Population Register (NPR) project, ITI is looking at the huge opportunity of manufacturing Smart card-based services/ solutions in the country. There are opportunities regarding supply of identity cards for citizen, smart cards for unorganized workers, driving licenses, motor vehicle registration etc. ITI Palakkad plant is having state of the art infrastructure in line with technical specifications for Payment Card Industry (PCI). ITI got accreditation for Rupay chip card personalization from NPCI and Mastercard certification from Mastercard. The infrastructure includes modern manufacturing equipment for Smart Card Assembly and customization for milling & embedding, personalization etc. We are pursuing business with Public Sector banks and other customers for getting orders. In view of Govt of India Digital India mission, smart cards assumes significant role in cash less transactions across the country in every sector and there will be huge demand for the same.

### ☐ Li-Ion Batteries:

Long life, low maintenance & High energy density back up power solutions using Li-Ion technology have been proven in all fields of consumer electronics products. They also make inroads into other applications of Telecom industry like powering GSM towers. ITI has entered into TOT for assembly & supply of Li-Ion batteries with focus on meeting needs of Telecom applications like GSM BTS sites. Further there is a huge requirement of such batteries in E-Vehicle sector in the country. The Indian automobile industry is one of the largest growing markets of the world and contributes highly in the country's manufacturing facilities. There is a growing demand for Li-Ion batteries in the country. Envisaging on this growing trend, ITI and CECRI-CSIR has signed a MOU for the exploring manufacture of Li-Ion cells in its Bangalore plant.

### ☐ Component Screening Project:

Component Screening is a Project suggested by VSSC (ISRO) for ITI Palakkad to take up for meeting their requirement of approximately 5 Lakhs screened components per year. Screened Components are required regularly for VSSC for their space missions. Basic component screening facility has already been established in the plant. Further the Component Screening infrastructure has been upgraded to cater for new components and also for meeting needs of Component Screening for defence requirement. As on now, this facility is accredited by VSSC, Trivandrum for screening of 20 types of Active and Passive electronic components, 35 types of sub- assemblies and 2 types of stacks. Test setups are being developed for more types of components and assemblies. The business with VSSC is being expanded with entry into new business opportunities.

**□ Data Centre and IT Business:**

ITI Limited has been operating a Tier III compliant Data Centre at its Bangalore Unit since 2008 under PPP model. Company is already providing IT solutions like e-Banking, Aadhaar based authentication etc. on SaaS basis from the Data Centre. Looking into high demand for data Centre business and the expected growth in India, under the revival plan, a new Data Centre is being established with 1000 Racks capacity at Bangalore Unit having level of Tier III plus certification. The same is under final stages of completion. ITI Data Centre is one of ITI's endeavors to provide customer-centric services to Government organizations, Financial institutions, corporates and Start-Ups etc .

**□ Wi-Fi products:**

Wi-Fi products have revolutionized the way we communicate. In addition to low power Wi-Fi products in residences, Wi-Fi hot spots are coming up all around the country. Further, Wi-Fi products are also expected to be part of the Digital India programme to connect every citizen to Broadband network and also in setting up of Smart Cities. ITI is addressing the business opportunity in Wi-Fi solutions for various customers. Wi-Fi networks act as connectivity tools for smart city projects in India for sensor-enabled connected devices and Internet of Things (IoT) enabling smart energy management, traffic management, waste disposal & water management systems etc. Govt of India has an ambitious plan for setting up of 10 million Wi-Fi hotspots by 2020 and also BBNL is planning to deploy Wi Fi hotspots under BharatNet Ph II project across India. In view of expected demand, with a vision to contribute for country's Broadband Network infrastructure, ITI has entered into technology transfer collaboration with reputed technology partner to manufacture Wi-Fi Access point. Another TOT is also planned to be completed for manufacture of point to point Radio equipment which is required as a part of Wi Fi deployment.

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

ITI has been the leader in supplying MLLN products and services, including turnkey solutions for supply, installation, integration, commissioning, operation and maintenance of Network Equipment to BSNL since 2002-03. The existing MLLN networks has been installed and maintained by ITI till date. Currently, ITI has signed agreements for supply of IP based MLLN technology.

**□ Business with other PSUs/Contract Manufacturing:**

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

**□ IoT and Smart City:**

ITI has made foray in to Internet of Things commonly called as "IoT" which is making big headway in common man's day to day life across the world. The purpose of the Smart Cities Mission is to drive economic growth and improve the quality of life of people by enabling local area development. Application of smart solutions will enable cities to use technology, information and data to improve infrastructure and services. ITI has entered in to teaming agreements with many start-ups who have developed "smart" solutions which are integral part of IoT sector. ITI is planning to offer solutions for smart education, smart health, smart environment, smart transport etc. ITI is actively participating in smart city tenders to secure business.

**□ Telecom testing Lab:**

As per the guidelines issued by DoT for Mandatory Testing and Certification of Telecom Equipment (MTCTE), all telecom equipment must undergo mandatory testing and certification prior to sale, import of use in India. In this regard ITI, in collaboration with DOT and TEC, is under process of establishment of 4 testing labs like EMI/EMC, Safety, SAR and Security Labs for testing various parameters at ITI Bangalore plant. EMI/EMC lab and safety labs is already commissioned. Establishment of other two labs are in progress.

**□ Start-up and Manufacturing hub:**

ITI has always be the front runner in the nation building and implementation of Government of India policies. With a vision to contribute for Start-up India mission of Govt. of India, ITI is in the process of establishing 1000 seater Start-up hub in phased manner at ITI Bangalore plant for encouraging start-ups in the country. 50 seater start-up hub along with Amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity is functional. Start-up hub customers can also utilize our manufacturing facilities like PCB, SMT and 3D printing plants to enhance their operations from this facility. Coordination with various Start-ups to occupy these space and additional manufacturing spaces are in process. Site for setting up of a manufacturing hub has been identified and implementation process is underway.

**□ New business areas:**

Company is collaborating with potential partners for starting manufacturing of new products and adopting new technology for future such as E Band radio, Routers, Point to point radio for backhaul, CLIP phone handsets, Bullet proof jackets etc. ITI is diversifying in new business areas and has signed MOU with CSIR-CECRI for exploring manufacturing of Lithium Ion Battery and ToT with SAC-ISRO for manufacturing of Indian Regional Navigation Satellite System ( IRNSS ) receivers.

**CONTRIBUTION TO EXCHEQUER**

During the year, Company has contributed Rs. 233.41Crores to the exchequer towards duties and taxes.

**PUBLIC DEPOSIT**

The Company did not accept any deposits during the year 2018-19. Deposits aggregating to Rs 0.24 crore had matured for payment, but were not claimed on due dates and is under sub-judice.

**CREDIT RATING**

The Credit rating assigned by Rating Agencies for the various debt instruments of the Company is provided in the Corporate Governance Report.

**JOINT VENTURES**

**INDIA SATCOM LIMITED (ISL)**

ISL was incorporated in the year 1987 and the present shareholding of ITI in ISL is 49% of its share capital with M/s ChrisTech Systems Pvt Ltd holding is 51% of its share capital. As part of revival, during the financial year 2018-19, ISL had executed Joint development agreement to develop its immovable property.

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

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

**QUALITY**

Quality Policy of ITI is to provide excellent products and services to our customers whilst providing sustained business growth in terms of profitability and return on capital employed by grooming a Quality-focused culture with a stable and experienced workforce and a focus on continuous improvement. Key elements of business system improvement include rigorous processes for understanding customer needs and diligently managed inspection processes.

Our mission is to be a customer focused innovative telecom company that consistently supplies high quality products and services that exceed our customer expectations.

The manufacturing facilities of our five manufacturing plants at Bengaluru, Palakkad, Mankapur, Rae-Bareilly and Naini have been accredited with Quality Management System as per ISO 9001-2015 and Environmental Management System as per ISO



14001-2015. Solar Module Manufacturing Facility of Naini Unit is also certified for OHSAS 18001 and is under process of upgrade to ISO 45001:2018, internationally recognised standards for Occupational Health and Safety Management System. The periodical Surveillance Audit & Recertification Audits have been conducted successfully.

As per guidelines issued by DoT for Mandatory Testing and Certification of Telecom Equipment (MTCTE), all telecom equipment must undergo mandatory testing and certification prior to sale, import of use in India. In this regard ITI, in collaboration with DoT and TEC, is under process of establishment of 4 testing labs like EMI/ EMC, Safety, SAR and Security Labs for testing various parameters at ITI Bangalore plant. EMI/ EMC and Safety Labs are already commissioned. Establishment of other 2 Labs in progress.

Different products manufactured and services provided at different manufacturing facilities of ITI Limited are having approval/ certifications from recognised bodies i.e.

- TSEC (Technical Specification Evaluation Certificate Issued by QA and Inspection Circle of BSNL) for GPON, NFS GPON, 24F ADSS OFC, 24F NZSS, PLB Duct, Solar PV Module, Electronic Telephone & Base Station Panel Antenna,
- IEC (International Electro-Techni Commission) certificate of Solar PV Module,
- BIS (Bureau of Indian Standards) Certification of Smart Energy Meter,
- NTCPI Certificate for Banking Card Manufacturing,
- Accreditation of VSSC (Vikram Sarabhai Space Center, Trivandrum) for Component Screening, Test & Evaluation, Assembly & Testing of flight Packages.

### MANPOWER

Your company recognizes the importance of and contribution of its Human Resource in providing the competitive advantages. Your company has emphasis on upgrading the skills and capabilities of its employees to improve its productivity. Your company is conducting training and workshops in new and strategic areas, so that its employees are ready to take challenges in the coming years. HR initiatives are focused on developing team spirits, employees empowerment and their involvement in various improvement activities. All HR efforts are in alignment with the business priorities and with an objective of smooth transition to latest technology.

### EMPLOYEES STRENGTH

The employee strength as on 31<sup>st</sup> March, 2019 was 3520 out of which 493 were female employees. As on 31.03.2019, there were 596 employees belonging to Scheduled Castes and 55 belonging to Scheduled Tribes.

114 Officials on Tenure basis, 39 Contract Technicians, 53 Contract Operators and 21 Experts were recruited during the year 2018-2019.

Employees belonging to Physically Challenged Persons numbering 43 and Ex-servicemen category numbering 9 were on the rolls of the Company as at the end of the financial year under review.

### INDUSTRIAL RELATIONS

ITI has glorious tradition of building and maintaining a conducive employee-employer relations environment. The Industrial Relations scenario in the Company was cordial throughout the year. Employees' Union and Officers' Association extended their co-operation and support in ensuring smooth work flow and helped to meet the Company's objective. Apex Committee meeting having members from union and officers association officer bearers of all the units of ITI and the Top Management of ITI, held in the month of December'18 was the part of ensuring workers' participation and maintain a peaceful IR climate.

### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

In terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013("Act") and Rules made there under, Company has constituted Internal Complaints Committees (ICC) to redress complaints received regarding Sexual Harassment at all Units. All employees (permanent, Contractual, Temporary, trainees) are covered under this policy. The Company has complied with the provisions relating to the constitution of ICC and during the year no cases/complaints have been filed under the Act.

### DEVELOPING EMPLOYEES CAPABILITIES & COMPETENCIES

Your company believes that employees development and preparing them for tomorrow is the key in taking up the challenges effectively.

#### 1.1 Training & Development:

It is vital for the company to build the skills necessary due to rapid change in technology. There is an intense focus on acquiring skill sets to suit and meet and cope up the present-day challenges. Skilled personnel are essential for success of an organization. Skill and Knowledge are driving forces of growth and sustainability of the Company. The shortage of skilled manpower in the Company is a real challenge at present, which is the resultant of attrition of qualified and experienced personnel. The shortage of skill sets to greater extent is augmented through a careful and a planned training and developmental initiatives. ITI Limited has adopted a strategy that directs skill development and capacity building training through a systematic and need based planning process through identification of training needs, designing and customizing the training programmes etc.

To adopt the latest trends in Telecom Technologies, the Company has been committed to organize HR learning interventions and development activities by the Plants' Human Resources Employee Centre, with the focus on Company's business objectives, employee-centered Technological, Managerial & Skill Development with emphasis on Quality and Customer Relations.

**Making use of training infrastructure available with telecom PSUs for skill development/enhancement** – As a part of creating synergy amongst Telecom PSUs, ITI is availing the expert/faculty support from Telecom Engineering Centre (TEC) through DoT for organising training programme in New Technology. The first programme on "IoT and 5G" has been arranged at Bengaluru, wherein 80 persons have been trained.

The details of training programmes organised during the FY 2018-19 is as follows:

Details	Training			Total trained
	In-house	External	IIM's	
No. of programmes	60	36	5	101
No. trained	1507	70	125	1706
Trg. Mandays achieved	2477	183.5	625	3286
% Trained				49.1%
Male employees trained	1234	56	102	1396
Female employees trained	276	14	23	313
SC/ST employees trained	233	16	36	285

**Talent Development:** To develop, ability to manage the change, drive for innovative ideas & approaches, to enhance critical thinking, analytical, Interpersonal and Leadership Skills and also to develop positive attitude for building a high-performance work culture, Corporate Management has decided to train Executives of ITI in batches at various premier Institutes like IIMs to groom and developing their attitude, skills and knowledge.

ITI management has identified some good senior and middle level managers who are high performers and have potential to be groomed to rise to higher positions and assume Leadership roles. As a part of our succession plan, to elevate these officers into a management role, we wanted these officers surely be superior at managing others in order to assume higher responsibilities, leading change from

front, and manage business activities effectively. The Company organised Five Management Development Programmes at IIM's wherein 125 managers across the company have been trained during FY 2018-19 as against 50 trained during FY 2017-18. In addition to the above, 70 officials have been nominated for external training programmes/workshops organised by various agencies including Premier Institutions like IITs/ IIMs, ICAI, NIFM, etc., in the most important areas.

The Company has excelled on the MoU commitment with respect to HRD System and consecutively secured 'Excellent Rating' for the year 2018-19 also.

## 1.2 Skill Development and Capacity Building:

The Company not only develops the skill sets of its own employees through imparting training through its HR-Employee Development Centers located at Plants but also train and educate the young minds in vocational trades through summer placement, internship projects. Your Company has also ventured to provide theoretical and practical training to engineering, management students as an endeavor to bridge the institution- industry skill gaps. The Finishing Schools at company's plants are doing yeoman services to the students' community in the country.

ITI is actively involved in imparting the skill development training in various modules. Telecom Skill Sector Counsel (TSSC)/ Electronic Skill Sector Counsel of India (ESSCI) Job roles and ITI Modules for various categories of students. As a part of 'Skill India' Flagship programme, ITI started imparting Skill Development and Capacity Building training at various plants of ITI to youth/trainees/students thereby enhancing their employability and increase their employment opportunities and entrepreneurship.

The following are some of the Job Roles, ITI has imparted in skill development training: - Optical Fiber Technician; Optical Fiber Splicer; Solar Module Assembly Technician; PCB Fabricator; Circuit Image Operator (PCB Manufacturing); Field Technician-Computing & Peripherals; Pick-and-Place Assembly Operator; Through-Hole-Assembly Operator and BSS Support Engineer. Further we are exploring/ planning for imparting skill development to the youth in SMT Technician and other ESDM Job Roles. In addition to the above, ITI is also engaging and imparting training to Graduate Engineer, Diploma (Technicians) and Trade Apprentices in various trades under the Apprentices' Act/ National Apprentices Promotion Scheme (NAPS). Also, as a part of CSR and capacity building, the Company is imparting training to the students of Engineering/ Management to carry out their Internship and Project.

Course-wise number of participants imparted skill development training during the FY 2018-19:

SI	Name of Skill Development Scheme	No. of participants
1	Optical Fibre Splicer - TSSC QP	64
2	PCB-Circuit Image Operator- ESSCI QP (ASAP)	46
3	Apprentices- ITI Trade (NAC)	99
4	Diploma technicians Apprentices	45
5	Graduate Engineers Apprentices	58
6	In-Plant/ Internship training (ITIL module)	1475
7	Project Training (ITIL module)	411
8	Finishing School (ITIL module)	119
9	Special Industrial Training to Adopted ITI (ITIL module)	269
<b>TOTAL</b>		<b>2566</b>

ITI Limited has entered into MoU with TSSC, ESSCI etc., to propel the skill development training.

## IMPLEMENTATION OF OFFICIAL LANGUAGE ACT, 1963

All Units/Marketing Services and Projects ("MSP") have established "Check-Points" in their departments to make effective implementation of the Official Language policy. Monitoring is being done by the respective Official Language Implementation Committee constituted in every Unit/ MSP.

The Progress of Implementation of Official Language in corporate office as well as in all subordinate Units/MSP is being periodically reviewed by the OLIC of Corporate office.

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

ITI Limited, Corporate Office is regularly sending the Quarterly Progressive Report to the Ministry as well as Dy. Director (Implementation), Regional Implementation office, Bengaluru. Corporate Office at Bengaluru has been awarded third prize for "Best performance" in the Official Language implementation by TOLIC, Bengaluru.

In order to enhance working knowledge of Official Language of employees, internal training programs are conducted with support of internal/ external faculties. Besides, employees are also encouraged to take part in Hindi Prabodh, Praveen & Pragya examinations for which financial incentives are given to qualified employees.

"Hindi Fortnight" was organized in the year 2018-19 in all the Units and various events were organized during this fortnight. Employees of Units/MSP also participated in their respective TOLIC and won different awards. Bilingual (i.e. English and Hindi) website of the company is being regularly updated.

## VIGILANCE

Vigilance Department worked persistently on the preventive vigilance activities during the year 2018-19 in order to bring more transparency and efficiency in the organization. Vigilance department has followed guidelines issued by CVC and Government time to time.

Corporate vigilance advised periodically to the Management for improvement regarding implementation of Integrity Pact, implementation of Rotational Transfers of Executives in Sensitive Areas, periodical review for ensuring probity and efficacy among employees, publishing of NITs and 'Contracts concluded' in the company website.

In order to ensure transparency, equity and competitiveness in public procurement, our Company has introduced Integrity Pact. To address the grievances of intending bidders the issue of appointment of Independent External Monitor (IEM) was taken up by Corporate Vigilance with the management and Company facilitated the appointment of Shri Venugopal K Nair, IPS (Retd) as IEM.

For leveraging technology, Company had already deployed Online Vigilance Clearance System in the company. Also online file tracking system has been deployed in the company for electronically tracing the current location of the file. And very recently, Company has introduced Online Annual Property Return [APR] submission system.

Several System Improvement Measures in the field of Inward Goods Inspection, procurement process, etc. have also been suggested to Management as a part of preventive vigilance.

Our Company celebrated Vigilance Awareness Week from 29<sup>th</sup> October 2018 to 3<sup>rd</sup> November 2018 in all manufacturing units, business establishments and corporate office. A talk by Former Hon'ble Justice of Supreme Court & Former Lokayukta of Karnataka, Shri N. Santosh Hegde on 'Integrity & Good Governance in PSU' was arranged in the R&D Conference Hall in Bangalore Plant. In his speech, Hon'ble Justice cited several instances of social and political corruptions in our country and urged the youth of our country to come forward to build corruption free India.

As an outreach activity, a Vigilance Awareness Rally called 'Vigithon' was conducted by more than 200 students of ITI Central School & Vidyamandir School, Bengaluru. Poster competition & Essay competition held at ITI Central School & ITI Vidyamandir School and more than 450 students & 40 Teachers participated in this event. Lecture and Integrity pledge & speech competition was organized at Lucknow Public School, Rae Bareli & at Kendriya Vidyalaya, Rae Bareli on 02.11.2018. A talk on vigilance was organized in the Hindi hall of EDC in Raebareli Unit Pledge administered in the Purva Madhyamik Primary school, Naini by Naini Unit vigilance team and teachers and 200 students participated in pledge taking ceremony. Banners / posters pertaining to VAW 2018 were displayed in school campus. The Observance covered Pledge taking ceremony, holding Essay / Quiz/ Slogan Competitions, arranging Valedictory Function on the Concluding Day of the Vigilance Observance Week.

During the year 2018-19, vigilance department received 20 complaints and 19 were disposed off. Out of 19 complaints disposed, 5 were anonymous / Pseudonymous, 5 have been sent for administrative action of the respective units and investigation was done for 9 complaints by vigilance department and disposed off.

#### COMPLIANCE UNDER RIGHT TO INFORMATION ACT, 2005 (RTI)

During the FY 2018-19, 269 applications under RTI have been received. Information was provided for 275 RTI applications including 8 RTI applications carried forward from previous years. 2 applications under RTI were rejected. The Central Information Commission ("CIC") has online RTI portal for filing online RTI requests for seeking information for convenience of the applicants. Out of the 275 replies, reply/information was provided online for 44 cases. Quarterly online RTI returns were uploaded on the CIC portal and also same information were published on the Company website. With a view to achieve total transparency, the requests and responses are being uploaded on the Company website by First Appellate Authority /Chief Public Information Officer / Public Information Officer of Units under specific links provided to each unit. All cases referred to CIC by the applicants as Second Appeals have been successfully addressed and complied in totality to CIC decisions.

#### INTERNAL FINANCIAL CONTROL

Your Company has an adequate system of internal controls in place commensurate with its size and nature of business. It has well established and documented policies and procedures like policies and procedures for safe guarding its assets, Materials Management Manual, HR policies and procedures, Accounting policies, sub delegation of powers for financial and operational functions. The internal audit is conducted by Company's internal audit team headed by Professional personnel at Corporate Office and at Units. The reports of internal audit department indicating the status of compliance with internal control systems of the Company, is periodically reviewed by Audit Committee. Audit Committee periodically reviews with Internal and Statutory Auditors including Branch Auditors to assess the adequacy of internal control systems. The statutory auditors submit a report on internal financial controls over financial reporting along with their Audit report on the financial statements every year.

#### AUDIT

##### • STATUTORY AUDIT

M/s Sankaran & Krishnan, Chartered Accountants, Bengaluru were appointed by Comptroller and Auditor General of India (C&AG) as Statutory Auditors for 2018-19. The Board of Directors has fixed remuneration of Rs. 5 lakhs for standalone and Rs.70,000 for Consolidation plus applicable taxes for statutory audit. In addition, travelling and out of pocket expenses incurred are also reimbursed at actuals. The total amount paid to the statutory auditors for other services rendered by them to the Company during 2018-19 was Rs 9.39 lakhs (Excluding taxes).

##### • BRANCH AUDIT

The following firms of Chartered Accountants were appointed as Branch Auditors for different units of the Company for the year 2018-19:

Sl. No.	Unit	Name of Auditor
1	Bengaluru	M/s Sankaran & Krishnan, Bengaluru
2	Naini	M/s Neeraj Prakash & Associates, Allahabad
3	Rae Bareli	M/s R K Chari & Co., Lucknow
4	Mankapur	M/s P N G & Co., Faizabad
5	Palakkad	M/s S Thirivikraman & Co, Palakkad
6	Srinagar	M/s Amir Jan & Associates, Srinagar

##### • Auditors' Report

Auditors' report on the annual accounts for the financial year 2018-19 and comments of the C&AG under 143(6)(b) of the Companies Act, 2013 on the Annual accounts are appended to this report. Reply to observations of Statutory Auditors and C&AG are attached as addendum to this report.

During the year 2018-19, there has not been any fraud reported by the Statutory Auditors of the Company.

##### • COST AUDIT

M/s GNV & Associates, Bengaluru was appointed as Cost Auditors for the 2018-19 for the cost audit of units located at Bengaluru and Palakkad and also for consolidation of Cost Audit Reports of the Company as a whole. M/s Aman Malviya & Associates, Lucknow were appointed as Branch Auditors for the cost audit of units located at Naini, Rae Bareli, Mankapur and Srinagar. The appointment was made by Board of Directors and the remuneration of Rs 3.16 lakhs (Including GST) is ratified by the shareholders in the Annual General meeting on 26.09.2018. The Cost audit report for the year 2017-18 was filed with Ministry of Corporate affairs

The Company maintains its cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 read with Rules made thereunder.

##### • SECRETARIAL AUDIT

The Company has appointed Shri D Venkateswarlu, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year 2018-19. The Secretarial Audit Report for the year 2018-19 is appended as **Annexure-2** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Directors report.

#### CORPORATE SOCIAL RESPONSIBILITY

Your Company endeavour, apart from the business activities, is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates. The thrust areas under CSR inter-alia include health care and sanitation, etc. During the year, the company has spent the entire budget of Rs 63 Lakhs on various CSR activities. A report on the Company's CSR activities as per the provisions of the Companies Act along with CSR highlights during the year is annexed at **Annexure-3** to the report. The composition of the CSR Committee is provided in the Corporate Governance Report. The CSR policy of the Company can be accessed at the website of the Company at [http://www.itilt-india.com/investor\\_information](http://www.itilt-india.com/investor_information)

#### BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility Report for the year 2018-19 is appended as **Annexure-4** of the Board's Report.

#### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 15<sup>th</sup> November 2019, the Directors of ITI Limited, comprises of eleven Directors of which three are Whole Time Director (including Chairman and Managing Director), two are Government Directors and six are Non Official Part Time Directors (Independent Directors).



**INDEPENDENT DIRECTORS**

During the financial year 2018-19, five Independent Directors viz., Dr K R Shanmugam, Shri Suresh Chandra Panda, Shri Rajen Vidyarthi, Dr Akhilesh Dube and Shri Mayank Gupta, were appointed by the Government of India vide letter no. F No. E-5-5/2018-PSA dated 17<sup>th</sup> July 2018. Shri Suresh Chandra Panda's appointment has taken effect from 17<sup>th</sup> July 2018. The appointment of Dr Akhilesh Dube and Shri Rajen Vidyarthi has taken effect from 08<sup>th</sup> August 2018, appointment of Shri Mayank Gupta has taken effect from 13<sup>th</sup> August 2018 and appointment of Dr K R Shanmugam has taken effect from 30<sup>th</sup> August 2018 being the date of obtaining Director Identification Number.

Shri Saday Krishna Kanoria was appointed as Independent Director on the Board of the Company for a period of three years w.e.f 24<sup>th</sup> November 2015. Pursuant to Ministry of Communications letter No. F.No.E-5-7/2018-PSA dated 22<sup>nd</sup> November, 2018, Shri Saday Krishna Kanoria was re-appointed as Independent Director of the Company for a period of 1 year w.e.f 24<sup>th</sup> November 2018 or until further orders whichever is earlier.

Shri Suresh Chandra Panda, Independent Director has resigned from the Board of the Company w.e.f. 9<sup>th</sup> September 2019 due to personal reasons.

In terms of the provisions of Schedule IV of the Companies Act, 2013, the terms and conditions of appointment of Independent Directors are posted on the website of the Company. Further, the Independent Directors are not liable to retire by rotation under the provisions of Section 152 of the Companies Act, 2013.

In terms of the provisions of Section 149 of the Companies Act, 2013 read with Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the Independent Directors have provided the declaration of independence satisfying the criteria for appointment of Independent Director as mentioned in the Companies Act, 2013 and Listing Regulations.

During the year under review, a separate meeting of Independent Directors was held on 15<sup>th</sup> March 2019 in which majority of the Independent Directors was present.

**GOVERNMENT NOMINEE DIRECTOR**

During the year under review, Lt Gen A R Prasad, AVSM, VSM, ADC, Signal Officer-in Chief and Senior Colonel Commandant, Government Nominee Director relinquished the office on attaining the age of superannuation on 31<sup>st</sup> July 2018. In his place, the Government of India vide its order dated 03<sup>rd</sup> April 2019, appointed Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in Chief, Ministry of Defence, as Government Nominee Director. The date of appointment of Lt Gen Rajeev Sabherwal, AVSM, VSM was effective from 12<sup>th</sup> April 2019, being the date of obtaining Director Identification Number.

Shri Rakesh Mohan Agarwal, Former DDG (SU) Department of Telecommunication (DoT), Government Nominee Director on the Board of the Company, had been appointed as Director Marketing and assumed charge on 27<sup>th</sup> April 2018(A/N).

Dr. Rajesh Sharma, DDG (SU), DoT was appointed as Government Nominee Director w.e.f. 14<sup>th</sup> August 2018 for a period of three years or till the date of his superannuation or till further orders, whichever is earlier.

**CHANGES IN FUNCTIONAL DIRECTORS**

Shri S Gopu was appointed Chairman and Managing Director with effect from 23<sup>rd</sup> January 2018. The detailed terms and conditions of appointment of Chairman and Managing Director was received vide Ministry of Communications letter No. F.No. E-14-4/2018-PSA dated 06<sup>th</sup> April 2018. Shri S Gopu relinquished his post as Chairman and Managing Director on attaining age of superannuation on 31<sup>st</sup> May 2018.

Shri K Alagesan, Director-Production was entrusted with additional charge of Director Marketing from 01<sup>st</sup> January 2017 to 27<sup>th</sup> April 2018, additional charge of Director Human resources from 08<sup>th</sup> May 2018 to 02<sup>nd</sup> August 2018. Shri K Alagesan, was entrusted with Additional Charge of the post of Chairman

and Managing Director w.e.f. 01<sup>st</sup> June 2018 and relinquished his post of Director-Production/ Additional Charge Chairman and Managing Director on 30<sup>th</sup> September 2019 on attaining the age of superannuation.

Shri Rakesh Mohan Agarwal, former Government Nominee Director, Ministry of Communications had been appointed as Director Marketing with effect from April 27,2018 (A/N). Shri Rakesh Mohan Agarwal held additional charge as Director Human Resources from 02<sup>nd</sup> August 2018 to 14<sup>th</sup> October 2018. Shri Rakesh Mohan Agarwal was entrusted with Additional Charge of Chairman and Managing Director w.e.f. 01<sup>st</sup> October 2019. Thereafter, the Government of India vide order dated 14<sup>th</sup> October 2019 appointed Shri Rakesh Mohan Agarwal as the Chairman and Managing Director w.e.f. 14<sup>th</sup> October 2019.

The Government of India vide order no. F.No. 14-3/2013-PSA(Pt.I) dated 11<sup>th</sup> December 2017 entrusted additional charge of Director Finance of the Company to Shri Chittaranjan Pradhan, (IP&T Accounts & Finance Service- 1995) a SAG level officer, for a period of six months from the date of assumption of charge i.e. 23<sup>rd</sup> March 2018. During the year 2018-19, his tenure as Director Finance was further extended for a period of six months w.e.f. 23<sup>rd</sup> September 2018 vide Government Order no. F.No.E.14-2/2018-PSA dated 19<sup>th</sup> September 2018. Subsequently, Government of India vide order no.F.No.E-14-2/2018-PSA dated 20<sup>th</sup> March 2019, has extended his additional charge as Director – Finance for a further period of six months w.e.f 23<sup>rd</sup> March 2019 till 22<sup>nd</sup> September 2019.

Shri Shashi Prakash Gupta was appointed as Director- Human Resources of the Company vide Government Order no. F.No. E-14-1/2018-PSA dated 09<sup>th</sup> October 2018 for a period of five years w.e.f. the date of assumption of charge i.e. 15<sup>th</sup> October 2018. Shri Shashi Prakash Gupta held additional charge of Director-Production from 01<sup>st</sup> October 2019 to 06<sup>th</sup> November 2019.

Shri D Venkateswarlu was appointed as Director Production w.e.f. 07<sup>th</sup> November 2019 vide Government order no. E-14-3/2019-PSA dated 05<sup>th</sup> November 2019 till 31<sup>st</sup> August 2022 i.e. the date of superannuation or until further orders, whichever is earlier.

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

**KEY MANAGERIAL PERSONNEL**

During the financial year 2018-19, apart from functional directors, Chief Financial Officer and Company Secretary continues to hold the post of Key Managerial Personnel of the Company. There is no change in their position during year under review.

**NUMBER OF MEETINGS OF BOARD**

During the year, 6 meetings of the Board of Directors were held on 19<sup>th</sup> May 2018, 25<sup>th</sup> July 2018, 13<sup>th</sup> August 2018, 24<sup>th</sup> September 2018, 10<sup>th</sup> November 2018 and 11<sup>th</sup> February 2019. The requirements on frequency of Board meetings in terms of Section 173(1) of the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and DPE Guidelines were being complied.

**COMPOSITION OF AUDIT COMMITTEE**

In terms of Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and DPE Guidelines on Corporate Governance for CPSEs, your Company has constituted the Audit Committee. The Committee comprises of Shri Saday Krishna Kanoria, Independent Director as Chairman, Smt Asha Kumari Jaswal, Shri Rajen Vidyarthi and Dr K R Shanmugam, Independent Directors and Shri Shashi Prakash Gupta, Director- HR as its members. During the year 2018-19, all the recommendations made by the Audit Committee were accepted by the Board.

**PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The provisions of Section 134(3)(p) of the Companies Act, 2013 require a listed entity to include a statement indicating the manner of formal evaluation of

performance of the Board, its Committees and of individual Directors. However, the said provisions are exempt for Government Companies as the performance evaluation of Directors is carried out by the Administrative Ministry i.e. Ministry of Communications as per laid down evaluation methodology.

#### **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The provisions of Section 134(3)(e) of the Companies Act, 2013 regarding the policy on Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Sec 178(3) are exempted for Government Companies

#### **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

In terms of the provisions of Section 177(9) of the Companies Act, 2013, Regulation 22 of the Listing Regulations and Para 4.3 of the DPE Guidelines, your Company has a vigil mechanism named "Whistle Blower Policy" for directors and employees to report genuine concerns. The details of the policy are covered in Corporate Governance Report

#### **PARTICULARS OF EMPLOYEES**

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A separate section on 'Management Discussion and Analysis Report' has been included in the Annual Report as **Annexure-5** and the same forms part of the Directors' Report.

#### **CORPORATE GOVERNANCE REPORT**

The report on Corporate Governance on the compliance of Corporate Governance conditions stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the DPE guidelines on corporate governance forms part of Directors report. The Certificate on the Compliance of above Corporate Governance Conditions from Practicing Company Secretary also forms part of Directors' report.

#### **EXTRACT OF ANNUAL RETURN**

The extract of annual return in Form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an **Annexure 6**

#### **RELATED PARTY TRANSACTIONS**

The Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [http://www.itild-india.com/investor\\_information](http://www.itild-india.com/investor_information). All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by the Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable. Members may refer to note no. 32 to the financial statement which sets out related party disclosures pursuant to IND AS 24.

#### **MATERIAL CHANGES AFFECTING FINANCIAL POSITION OCCURRING BETWEEN THE END DATE OF FINANCIAL YEAR AND DATE OF THE REPORT- NIL**

#### **DIRECTORS RESPONSIBILITY STATEMENT**

The Directors confirm that

- (a) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) Such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31<sup>st</sup> March 2019 and of the profit of the company at that date;
- (c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The annual financial statements have been prepared on a going concern basis;
- (e) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) That systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

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

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

The expenditure on entertainment was Rs. 0.36 lakhs. Expenditure on official travel abroad by the officials of the Company amounted to Rs. 7.29 lakhs during the year.

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

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required to be disclosed under the Section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 is appended as **Annexure 7**.

#### **EXTENSION FOR HOLDING 69<sup>TH</sup> ANNUAL GENERAL MEETING**

In terms of the provisions of the Companies Act, 2013, the CAG report on financial statements is mandatorily required to be placed with the Statutory Audit report. In light of observations arising from the audit by the office of Principal Director of Audit, Post & Telecommunications, the Statutory Auditors had submitted revised Statutory Audit Report for financial year 2018-19 to Comptroller and Auditor General of India (CAG). Accordingly, the Company could not receive the CAG report on time i.e. before 30<sup>th</sup> September 2019. Accordingly, the Company has sought extension of time from convening the Annual General Meeting from Registrar of Companies (ROC), Bengaluru. The ROC Bengaluru has granted extension of time to the Company for convening of AGM beyond 2 months from 30<sup>th</sup> September 2019 i.e. on or before 30<sup>th</sup> November 2019, which was further extended by 30 days i.e. on or before 30<sup>th</sup> December 2019.

Based on revised Statutory Audit Report on financial statement for 2018-19, the CAG has issued its report on 14<sup>th</sup> November 2019. It may kindly be noted that the said amendment in the Statutory Audit Report has no impact on the reported figure in the financial statements for the year 2018-19.

## ACKNOWLEDGEMENT

The Board of Directors are extremely grateful for the continued patronage and support received from Ministry of Communications, Ministry of Defence and various other agencies & regulatory authorities in Central and State Governments, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Cost Auditors, Internal Auditors, Suppliers, Sub-contractors, Company's Bankers and our valued customers including BSNL, BBNL, MTNL, EESL, etc.

The Board also places on record its appreciation for the contribution and support extended by all employees of ITI Ltd towards the success of your Company. Your Directors express their appreciation and gratitude to all the shareholders, investors, for the trust and confidence reposed in the Company and look forward to their continued cooperation and support in sustaining the growth of the Company in the coming years.

For and on behalf of the Board of Directors

**(Rakesh Mohan Agarwal)**

Chairman and Managing Director

Place: Bengaluru

Date : 15<sup>th</sup> November 2019

## ADDENDUM TO THE DIRECTORS' REPORT COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATION IN THEIR REPORT

Point No.	Statutory Auditor's Observations	Company's Remarks
<b>Qualifications Not quantifiable:</b>		
a)	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);	The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.
b)	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)	Efforts are being made by the company regarding the settlement of KPTC land issues at the earliest.
<b>Qualifications quantifiable:</b>		
a)	Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.31.22);	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.



## REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR

Secretarial Auditor's Observations	Company's explanation
The company has not complied with the requirements of Section 149 (4) of the Act having at-least one-third of the total number of Directors as Independent Directors at the beginning of the year, however, the same have been complied with as on 31 <sup>st</sup> March 2019.	Five Independent directors were inducted into the Board vide Government of India order dated 17.07.2018. Accordingly, as on 31.03.2019, the composition of Board of Directors is in compliance with Section 149 (4) of the Companies Act.
The company has not complied with the provisions of Regulation 17 of LODR with respect to Composition of Board of Directors of the company {having proper balance of independent and non-independent directors} at the beginning of the year, however, the same have been complied with as on 31 <sup>st</sup> March 2019.	Five Independent directors were inducted into the Board vide Government of India order dated 17.07.2018. Accordingly, as on 31.03.2019, the composition of Board of Directors is in compliance with Regulation 17 of LODR.
The company has not complied with the requirement of minimum public shareholding pursuant to Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. However, SEBI has condoned the requirement of minimum public shareholding vide their Letter No. SEBI / HO / CFD / DIL1 / OW / P / 28212 / 2018 dated 08 <sup>th</sup> October 2018.	<p>The Company had made preferential allotment of equity shares to President of India on 11.08.2016, 09.02.2017, 13.09.2017, 14.12.2017 and 19.05.2018. The Company has received listing and trading approval from both BSE and National Stock Exchange of India Limited ("NSE") for allotments made on 11.08.2016 and 09.02.2017.</p> <p>However NSE informed that there was non-compliance of meeting erstwhile Minimum Public Shareholding requirement for preferential allotments made on 13.09.2017, 14.12.2017 and 19.05.2018 and advised to seek exemption / condonation of delay from SEBI</p> <p>The Company approached SEBI stating that non-compliance of MPS was due to lock in of shares of Promoter for compliance with certain SEBI regulations and accordingly sought condonation of delay in meeting erstwhile MPS requirement. SEBI acceded to the request vide its letter No. SEBI/HO / CFD /DIL/OW/P/28212/2018 dated 08.10.2018.</p> <p>Accordingly, the company has now received listing and trading approval for all the preferential allotments dated 13.09.2017, 14.12.2017 and 19.05.2018.</p>
The submission of audited financial results for the year ended 31 <sup>st</sup> March 2018 as per provisions of Regulation 33 of LODR with BSE Limited was incomplete due to technical glitch. However, BSE Limited has waived off the penalty of Rs. 67,02,400/- levied, vide its letter No. LIST / COMP / 523610 / waiver of fine / 803 / 2018-19 dated 03 <sup>rd</sup> September 2018.	<p>The financial results for the year ended 31.03.2018 were approved by the Board in its meeting held on 19.05.2018 and the same were submitted with BSE Limited and National Stock Exchange of India Limited ("NSE") within the prescribed time period</p> <p>The submission was in full and intact with NSE. But however due to technical problems, only partial documents were submitted to BSE Limited.</p> <p>The Company made representation to BSE Limited. Since the submission to NSE was in order and the other related compliance of publication of Financial results were properly done, BSE waived the fine imposed vide its letter No. LIST/COMP/523610/Waiver of fine/ 803/2018-19 dated 03.09.2018.</p>

For and on behalf of the Board of Directors

**(Rakesh Mohan Agarwal)**  
Chairman and Managing Director

Place: Bengaluru  
Date : 15<sup>th</sup> November 2019

**Annexure-1**

### ANNEXURE TO THE DIRECTORS' REPORT Form AOC-1

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

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

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

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

Sl.No	Name of Joint Ventures	India Satcom Limited
1	Latest audited Balance Sheet Date	31.03.2019
2	Shares of Joint Ventures held by the company on the year end	16,21,800 equity shares of Rs. 10 each
3	Amount of Investment in Associates/Joint Venture	Rs. 40.55 Lakhs
4	Extend of Holding%	49%
5	Description of how there is significant influence	Investment in the equity to the extent of 49% of paid up capital
6	Reason why the associate/joint venture is not consolidated	N.A
7	Net worth attributable to shareholding as per latest audited Balance Sheet without revaluation reserve	Rs. (1,302.67) Lakhs
8	Profit/Loss for the year	
	i) Considered in Consolidation	Yes
	ii) Not Considered in Consolidation	N.A

**Annexure to Directors' Report**  
**Form No. MR-3**

**Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2019**

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

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

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

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

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

**Auditor's Responsibility:**

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2019 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ITI Limited for the financial year ended on 31<sup>st</sup> March 2019 according to the provisions of:

1. The Companies Act, 2013 and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were reported during the year.**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**
  - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorised Category I Registrar and Share Transfer Agent.**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No de-listing was done during the year**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **No buy - back was done during the year.**
  - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

6. Other laws as may be applicable specifically to the Company are:
- Department of Public Enterprises (DPE) Guidelines on Corporate Governance
  - The Telecom Regulatory Authority of India Act, 1997
  - The Information Technology Act, 2000

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

I have also examined compliance with the applicable clauses of Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India; I report that during the year under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

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

- *the company has not complied with the requirements of Section 149 (4) of the Act having at-least one-third of the total number of Directors as Independent Directors at the beginning of the year, however, the same have been complied with as on 31<sup>st</sup> March 2019.*

**b) Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Compliance with SEBI (Listing Obligations & Disclosure Requirements) (LODR) Regulations, 2015 are as follows:**

- *the company has not complied with the provisions of Regulation 17 of LODR with respect to Composition of Board of Directors of the company {having proper balance of independent and non-independent directors} at the beginning of the year, however, the same have been complied with as on 31<sup>st</sup> March 2019.*
- *the company has not complied with the requirement of minimum public shareholding pursuant to Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. However, SEBI has condoned the requirement of minimum public shareholding vide their Letter No. SEBI / HO / CFD / DIL1 / OW / P / 28212 / 2018 dated 08<sup>th</sup> October 2018.*
- *The submission of audited financial results for the year ended 31<sup>st</sup> March 2018 as per provisions of Regulation 33 of LODR with BSE Limited was incomplete due to technical glitch. However, BSE Limited has waived off the penalty of Rs. 67,02,400/- levied, vide its letter No. LIST / COMP / 523610 / waiver of fine / 803 / 2018-19 dated 03<sup>rd</sup> September 2018.*

Also, we draw attention that:

- I report that during the year under review, the Securities and Exchange Board of India has condoned the delay in filing the listing application with BSE due to technical glitch for the preferential allotment dated 19<sup>th</sup> May 2018 vide their letter No. SEBI / HO / CFD / DIL1 / OW / P / 25330 / 2018 dated 07<sup>th</sup> September 2018 (pursuant to Regulation 108 of the SEBI (Issue of capital and disclosure requirements) Regulations, 2009).
- Cumulative Redeemable Preference shares amounting to Rs. 30,000.00 Lakhs, overdue for redemption has been removed from the share capital and classified as current financial liability. Interest / Dividend has not been provided in the books of accounts.
- The provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential issue of equity shares is made in terms of Rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the sick industrial Companies (Special Provisions) Act, 1985.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. All decisions at Board Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors as the case may be.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e. I further report that during the audit period, the company has filed draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India for Follow-On Public Offer (FPO) and obtained their observations vide their Letter No. CFD/DIL-1/AR/OW/2754/2019 dated 25<sup>th</sup> January 2019 wherein the proposed issue can open for subscription within a period of 12 months from the date of issuance of the said observance letter.

Place : Bengaluru  
Date : 30<sup>th</sup> July 2019

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

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



## “Annexure A”

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

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

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

Place : Bengaluru  
Date : 30<sup>th</sup> July 2019

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

## ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

ITI Limited strives to accomplish its vision of becoming a significant global player in the Telecommunication industry and to address the concerns of economic status, environment and well-being of the society through CSR initiatives.

**A. The objective of the CSR policy is given below:**

- (a) To carry out CSR activities in an economically, socially and environmentally sustainable manner that is transparent and ethical
- (b) To integrate the core values of the company with the philosophy of corporate social responsibility (CSR) and Sustainability.
- (c) To incorporate the spirit of CSR and Sustainability to the employees at all levels and to infuse into all the activities, processes, operations and transactions of the company.
- (d) To undertake any other matter as deemed appropriate or determined by the Board from time to time in the best interest of the Company and other stakeholders of the Company.

**B. Overview of ITI CSR Projects/Activities:**

- a. Providing access to the drinking water, sanitation.
- b. Helping in eradicating poverty & hunger by different schemes.
- c. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- d. Facilities for persons with special abilities and socially backwards groups.
- e. Ensuring environment sustainability.

The CSR policy of the Company is available on the website of the Company at [http://www.itild-india.com/investor\\_information](http://www.itild-india.com/investor_information)

**2. The composition of the CSR Committee:**

S. No.	Name	Designation	
1.	Shri K Alagesan <sup>1</sup>	Director(Production)/ Addl. Chg of CMD	Chairman
2.	Shri Rakesh Mohan Agarwal <sup>2</sup>	Chairman and Managing Director	Chairman
3.	Shri Saday Krishna Kanoria	Independent Director	Member
4.	Shri Shashi Prakash Gupta <sup>3</sup>	Director- Human Resources	Member

<sup>1</sup>ceased to be Chairman of the Committee w.e.f 30<sup>th</sup> September 2019

<sup>2</sup>Designated as Chairman of the Committee w.e.f 11<sup>th</sup> October 2019

<sup>3</sup>inducted as Member of the Committee w.e.f 11<sup>th</sup> October 2019

**3. Average net profit of the Company for last three financial years :**

Rs 31.67 crore

**4. Prescribed CSR expenditure (2% of the amount as in item 3 above) :**

Rs 63 lakh

**5. Details of CSR spent during the financial year**

- (a) Total amount to be spent for the financial year: Rs 63 lakh  
(Amount actually spent Rs. 64.12 Lakhs)
- (b) Amount unspent, if any: Nil
- (c) Manner in which the amount spent during the financial year is detailed below: **Annexure – A**

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report.**

Not Applicable

**7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

It is hereby stated that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-  
**Rakesh Mohan Agarwal**  
Chairman of CSR Committee /  
Chairman and Managing Director

Sd/-  
**Saday Krishna Kanoria**  
Member of CSR Committee

**Annexure-A**
**ITI CSR PROJECTS/ACTIVITIES UNDERTAKEN DURING 2018-19**

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and districts where projects or programs undertaken	"Amount outlay(budget) project or program otherwise (Amt in Lakhs)"	"Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads"	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency*
1	Supplying of Food prepared in ITI General Canteen to Aided State School Children during Activity days.	Eradicating hunger (Item no. i of Sch VII)	Local area, Bengaluru, Karnataka	4.00	Direct Expenditure	NA	Direct
2	Installation of Modular Toilets at ITI General Park and ITI Circle for the benefit of General Public. (4 Nos)	Sanitation (Item no. i of Sch VII)	Local area, Bengaluru, Karnataka	8.00	Direct Expenditure	NA	Direct
3	Dust bin and cleaning accessories donated to Govt. Women & Children Hospital, Palakkad	Promotion of sanitation (item no. i of Sch VII)	Other Area Palakkad, Kerala	0.20	Direct Expenditure	NA	Direct
4	Donating Modular Toilet (for Girl students)to Govt. VHS School, Kanjikode, Palakkad	Sanitation (item no. i of Sch VII)	Other Area Palakkad, Kerala	1.94	Direct Expenditure	NA	Direct
5	Free Water Supply distribution to adjacent Bovi Colony Residents.	making available safe drinking water (item no. i of Sch VII)	Local area, Bengaluru, Karnataka	1.50	Direct Expenditure	NA	Direct
6	Repair & Maintenance of Water Cooler installed at ITI Main Gate, Sultanpur Road for Public in General.	Making available safe drinking water (Item no. i of Sch VII)	Other area	0.05	Direct Expenditure	NA	Direct
7	Distribution of blanket and sarees among poor by ITI officers ladies club	Eradicating poverty (Item no. i of Sch VII)	Other area Rae Bareli, Uttar Pradesh	0.30	Direct Expenditure	NA	Direct
8	Donation – Helping the needy – Palakkad Management Programme	Eradicating hunger and poverty (item no. i of Sch VII)	Other Area Palakkad, Kerala	0.02	Direct Expenditure	NA	Direct
9	Managing "Snehalaya": ITI School for Special Children (Intellectually challenged)	Promotion of Education including Special education (Item no. ii of Sch VII)	Local area, Bengaluru, Karnataka	25.00	Direct Expenditure	NA	Direct
10	Conducting of Summer Camp in different Sports activities for the benefit of Children in the Vicinity.	Vocational skills (Item no. ii of Sch VII)	Local area, Bengaluru, Karnataka	2.50	Direct Expenditure	NA	Direct
11	Expenditure on maintenance of old age home by Civil Department	Setting up oldage homes (Item no. ii of Sch VII)	Other area Rae Bareli, Uttar Pradesh	1.85	Direct Expenditure	NA	Direct
12	Manpower Cost fully engaged to run Social welfare Societies formed by RB Plant for the welfare of ITI deceased Employees' dependents residing in Rae Bareli outside ITI Quarters	Enhancing vocational skills (Item no. ii of Sch VII)	Other area Rae Bareli, Uttar Pradesh	5.00	Direct Expenditure	NA	Direct
13	Other Miscellaneous Expenditure for the welfare of ITI Deceased Employees dependants	Enhancing vocational skills (Item no. ii of Sch VII)	Other area Rae Bareli, Uttar Pradesh	0.96	Direct Expenditure	NA	Direct
14	Donated Laptop "Lenovo Thinkpad" to Pudussery Grama Panchayat for their Skill Development programme – Ward No.23	Enhancing vocational skills (Item no. ii of Sch VII)	Other Area Palakkad, Kerala	0.30	Direct Expenditure	NA	Direct
15	Donated Smaash PC under CSR Scheme to VISWAS an NGO organization under the leadership of the District Collector, to provide assistance to the victims of crimes (a Registered Society) Palakkad	Livelihood enhancement (item no. ii of Sch VII)	Other Area Palakkad, Kerala	0.25	Direct Expenditure	NA	Direct
16	Maintenance of General Parks in ITI Township, being used by General Public.	Environment (Item no. iv of Sch VII)	Local area, Bengaluru, Karnataka	5.00	Direct Expenditure	NA	Direct
17	Planting of 2,000 Saplings of different variety at Vacant Land and in selected areas in Township for better Environment.	Environment (Item no. iv of Sch VII)	Local area	1.50	Direct Expenditure	NA	Direct
18	Face lifting of K.R.Puram Market Backyard.	Environment (Item no. iv of Sch VII)	Local area, Bengaluru, Karnataka	0.75	Direct Expenditure	NA	Direct
19	Flood relief contribution towards Kerala floods relief fund	Disaster management including relief, rehabilitation and reconstruction activities (item no. XII of Sch VII)	Other Area Palakkad, Kerala	5.00	Direct Expenditure	NA	Direct
<b>Total</b>				<b>64.12</b>			



## Business Responsibility Report

**Section A: General Information about the Company**

1.	Corporate Identity Number (CIN) of the Company	L32202KA1950GoI000640
2.	Name of the Company	ITI Limited
3.	Registered address	ITI Bhavan, Doorvani Nagar, Bengaluru -560 016
4.	Web site	www.itilt-d-india.com
5.	E-mail id	cosecy_crp@itilt.co.in
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecommunication Technology, Turnkey project execution, manufacturing & supplying of communication systems & products
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	(a) manufacturing, supply and maintenance of GPON & associated equipments (b) Design , manufacturing, supply & maintenance of encryption products for Indian Defence (c) Turnkey projects like execution of BharatNet project for deployment of optical communication network (supply and installation of telecom equipment, OFC and HDPE duct, Solar, laying of fiber and maintenance of network)
9.	Total number of locations where business activity is undertaken by the Company a. Number of International Locations (Provide details of major 5) b. Number of National Locations	Nil  Manufacturing Units at: Bengaluru (Karnataka), Palakkad (Kerala), Rae Bareilly, Mankapur, Naini (Uttar Pradesh), Srinagar (Jammu & Kashmir)  Network System Unit (Installation and Maintenance Services): Bengaluru  Marketing Services and Project at : Bengaluru, Mumbai, New Delhi, Chennai, Kolkata, Bhubaneswar, Lucknow and Hyderabad  Local/Area Marketing Offices at: Thiruvananthapuram, Kochi, Pune, Nagpur, Ahmedabad, Ranchi, Dimapur, Raipur, Guwahati, Jaipur, Chandigarh, Bhopal, Trichy, Madurai, Coimbatore, Patna, Dehradun
10.	Markets served by the Company Local/State/ National/International	National

**Section B: Financial Details of the Company**

1.	Paid up Capital	Rs. 897,00,00,000
2.	Total Turnover	Rs. 1,894 crores
3.	Total profit after taxes	Rs. 93 crores
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 64.12 lakh
5.	List of activities in which expenditure in 4 above has been incurred:-	As per Board approved CSR Policy, CSR projects are undertaken in various thrust areas viz., Education, Sanitation, Health care, Environment protection etc. The details are mentioned under Corporate Social Responsibility Report.

**Section C: Other Details**

1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/ Companies participate in the BR initiatives of parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3.	Do any other entity/ entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No. The Company does not mandate that suppliers and partners to participate in the Company's BR initiatives. However, they are encouraged to do so. Certain activities of the Company under the BR mandate Company's business partners also to follow.

**Section D: BR Information**

1. Details of Director/Directors responsible for BR	
(a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies	
1. DIN	DIN : 07333145
2. Name	Name : Shri Rakesh Mohan Agarwal (w.e.f 14 <sup>th</sup> October 2019)
3. Designation	Designation : Chairman and Managing Director
	Email ID : cmd@itilttd.co.in
(b) Details of the BR head	The Board has not assigned responsibilities specifically to any Director to function as the BR head.

**2. Principle-wise (asper NVGs) BR Policy/policies (Reply in Y/N)**

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	-	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The policies has been formulated in consultation with functional heads								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
		Various policies conform to different applicable statutes/ guidelines/ rules etc. issued by Gol and other Regulatory authorities, and updated from time to time. Industry practices, national/ international standards are kept in view while formulating policies.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
		Different policies are approved by the Board/Competent Authorities as per delegation of power.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
		Chairman & Managing Director								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: <a href="http://www.itilttd-india.com/investor_information">http://www.itilttd-india.com/investor_information</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies have been communicated to the stakeholders by uploading on the Company's website mentioned at sl.no. 6.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, C&AG Audit, Cost Audit, Internal Audit, Secretarial Audit, Energy Audit, Safety Audit, Quality Audit, Environmental management system audit etc. These audits ensure compliance to various internal and external policies.								

ITI does not advocate influencing the public & regulatory policies for its gain, hence no policy is proposed. If required, the Company may approach the appropriate authorities through Trade and Industry Chambers and Association and other such collective platforms.

### 3. Governance related to BR

- (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

Chairman and Managing Director to review the BRR annually.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyper link for viewing this report? How frequently it is published?**

Yes. The Company publishes BR Report annually as part of its annual report. The same can be viewed at [http://www.ititd-india.com/investor\\_information](http://www.ititd-india.com/investor_information)

### Section E: Principle-Wise Performance

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

No, the policies implemented by ITI, in these regards cover employees of the Company as well as suppliers / contractors / bidders, etc. As a responsible corporate citizen, ITI not only seeks to conduct its business in the most ethical manner, it also motivates and encourages its employees to maintain the same ethical standards and carry forward the influence among the surrounding communities. The Company has put in place Conduct, Discipline and Appeal (CDA) Rules which prescribe the code of conduct as applicable mostly to the executives of the Company whereas the non-executive workmen are covered under the code of conduct / misconduct as mentioned in the Standing Orders. The Company implemented Integrity Pact for all contracts / procurements valuing Rs 25 Lakhs and above. It has been envisaged in The Integrity Pact that appropriate action shall be taken against the signatories of Integrity Pact, if they are found involved in unethical practices including corruption and bribery.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Total 2 number investor complaints have been received by the Company through SEBI SCORES Platform, NSE and BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis. Vigilance Department of the Company received 10 complaints and 9 are resolved. Out of that, 9 complaints (90%) have been disposed off. (the anonymous/Pseudonymous and administrative action not considered)

#### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- (i) ITI has installed GPON Fiber network and equipment throughout the country for providing high speed broadband connectivity to rural geographies in the country. This will improve the digital information access to the rural masses in the country

ITI has established solar panel manufacturing infrastructure to produce solar panels which is an environmental friendly energy source.

- (ii) ITI is executing a service project in which the cleanliness in public toilets installed in various municipalities is monitored wirelessly thus enabling the municipal agencies to improve the sanitation services in public places. This is a project under Swachh Bharat mission of Government of India.

- (iii) ITI has established a Data Centre and is offering Software services, like Core banking solutions, Aadhaar authentication services etc. under Government of India's Digital India Mission, the whole objective of these projects being creation of paperless, cash less society and digitally empowers the citizens of the country, reduce the digital divide, these projects also address environmental issues.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- (a) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

- (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The solar plant established by ITI is new and its commercialization is expected to begin in this financial year. The manufacturing uses very minimal water in the process. The panels are used by customers to generate power using sun light have a life of above 25 years, thus contributing significantly for environmental friendly process of power generation.

The project for monitoring of cleanliness of public toilets in Municipalities Swachh Bharat mission requires very less power for the small equipment installed in the public toilets to give a feedback on the cleanliness of the toilets. The project is very much helpful in maintaining health and hygiene of public at large.

Affordable Digital storage through Data centres has enabled organizations with the capability for replacing their physical storage needs resulting in huge saving of papers, scarce energy resources and in turn environment.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

The Company has been following approved criteria for the selection of vendors to ensure sustainable sourcing which inter alia includes vendors having ISO 9000 certification, vendors approved by regulatory bodies, various authorized dealers of the manufacturer, ability to provide materials as per laid down specification and other requirements, ability to supply materials as per stipulated delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance, a vendor is removed/suspended from approved vendor list based on his average performance over the period of evaluation, vendors list is reviewed and updated once in a year.

- (i) **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company complies with the Public Procurement Policy of the Government in procurement of goods from Micro, Small & Medium Enterprises (MSME)s. Company is also using GEM portal where Local and small producers are registered sellers.

- (ii) **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)?**

Due to the nature of the products of the company and the waste generated, mechanism to recycle is not available. The integration and



testing facility does not produce any hazardous waste. However, in specific areas of production, like production printed circuit boards, Company has suitable treatment plants so that polluted liquid with chemicals are treated as per Pollution Control Board specifications before letting out the waste liquid. Similarly, all ITI plants have treatment plants for the waste water drained out from wash rooms, kitchen etc.

**Principle 3: Businesses should promote the well being of all employees**

1. Total number of employees: 2938 (permanent employees)
2. Total number of employees hired on temporary / contractual basis: 582
3. The number of permanent women employees: 348
4. The number of permanent employees with disabilities: 43
5. Do you have an employee association that is recognized by management?: Yes
6. What percentage of your permanent employees is members of this recognized employee association?: 100%
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the year

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as at end of the financial year
1.	Child Labour / forced Labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

**8. What percentage of your undermentioned employees were given safety and skill upgradation training in the last year.**

Permanent Employees :	2004
Permanent Women Employees :	303
Casual/Temporary/Contractual Employees :	NIL
Employees with Disabilities :	NIL

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. **Has the Company mapped its internal and external stakeholders?**  
Yes.
2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders.**  
Yes. The Company has identified the SC/ST employees, Employees with disabilities as disadvantaged, vulnerable and marginalised stakeholders for employment purpose.
3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details there of, in about 50 words or so.**

The Company follows the reservation policy for SC/ST at the time of their appointment and promotion. The company has provided building/ infrastructure for housing SC/ST Welfare Association Offices. Scholarship are awarded by the Company for the Children of SC/ST employees. The Company periodically organizes appreciation programmes on Presidential

Directives on Reservations. To sensitize the SC/ST employees about the various Government scheme /facilities available, sensitization programme are conducted by the Company HRD centres

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Human resource policies of the Company cover all aspects of human rights of its employees. No complaints have been received in the past financial year on human rights. The Company does not employ child labour and does not permit forced or compulsory labour.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No stakeholder complaint was received during the year with regard to human rights.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

The environment policy of the Company covers only the company.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc? If yes, please give hyper link for web page etc.**

The Company does not have separate policy to address global issues such as climate change, global warming etc. However, the Company has a detailed manual which describe the common procedures to be established for the effective implementation of the environmental management system meeting the requirements of the international standards ISO14001:2004.

**3. Does the Company identify and assess potential environmental risks?**

Yes

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

ITI complies with the requirements of ISO 14001 environmental standards and meet all the statutory & regulatory requirements of environmental aspects in its manufacturing processes. Further, as mentioned under Principle 1 and 2, ITI is executing a project for centralized collection of details regarding cleanliness in public toilets in municipalities wirelessly which is part of Swachh Bharat mission.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyper link for web page etc.**

As mentioned under Principle 1 and 2, ITI has installed a solar panel manufacturing plant in one of its units. Company is already following ISO 14000 specifications with respect to its manufacturing processes. Further, ITI has implemented various energy conservation measure, electrification of new buildings with LED lights, replacement of conventional discharge lamp street lights with LED lights etc.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. The manufacturing plants have certificates from Pollution Control Boards.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

In financial year 2018-19, there are no pending CPCB/ SPCB show cause/ legal notices.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- (a) Standing Conference of Public Enterprises (SCOPE)
- (b) Confederation of Indian Industry(CII)
- (c) Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- (d) Electronic Industries Association of India (ELCINA)
- (e) Federation of Karnataka Chambers of Commerce & Industry (FKCCI)
- (f) Telecom Equipment & Services Exports Promotion Council (TEPC)
- (g) India Electronics & Semiconductor Association (IESA)
- (h) Telecommunications Standards Development Society, India (TSDSI)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

ITI is collaborating & interacting with all the above institutions for contributing by proactively involving in various policy initiatives, programmes, events etc.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company has adopted a CSR policy for Social welfare of the society. The projects mentioned therein are in line with Schedule VII of Companies Act 2013 and are attempting for inclusive growth & equitable development.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

The Company has undertaken CSR project through in-house teams.

**3. Have you done any impact assessment of your initiative?**

Yes. Impact assessment is crucial to view the effect of the activity conducted. ITI conducts impact assessment as a part of the project for the majority of projects.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The Company is not engaged in Community development projects as one of its business activities. However, such projects are being planned under CSR activities. The expenditure for the year 2018-19 is Rs. 64.12 lakh.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

As explained above under Principle 8, the Company is not obliged to spend in community development projects, as part of CSR activities. However, as part of CSR activities, engagement of the community is paramount for sustaining any community development program on ground. We ensure engagement of the community at the very planning stage and thereafter induct them at the implementation level. This not only ensures acceptance of the programme on ground but also its continuity and sustainability.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company's is in Back to Back business and is resolving customer complaints as per the timelines mentioned in the contract.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

The Company displays product information relevant to our customers to identify the product. We do not sell products for general public.

**3. Is there any case filed by any stake holder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details there of, in about 50 words or so.**

No cases have been filed by any stakeholders against the Company regarding unfair trade practices during the year under review.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

No. The Company, however, ensures that complaints, if any, received from any stakeholders are promptly attended to.

For and on behalf of the Board of Directors

**(Rakesh Mohan Agarwal)**

Chairman and Managing Director

Place: Bengaluru

Date : 15<sup>th</sup> November 2019

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Telecom Industry Structure

The Indian telecommunications industry is second largest telecom industry in the world in terms of number of Telecommunications subscription & internet subscribers. It is well known fact that telecommunications industry, with robust growth rate, is contributing significantly to GDP of the country. According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 1183.51 million, with overall Teledensity of 90.11 % at the end of March 2019. Further, country's Broadband subscribers base has reached 563.31 million at the end of March 2019. The Indian telecom sector which was traditionally voice driven has significantly switched over to data driven market. The average data consumption per user is increasing, with increased adoption of smart phones and availability of contents the business model is changing from voice to data centric one. The industry has witnessed consistent growth over the years on account of several factors, like, increased use of wireless network for broadband connectivity, launch of 4G networks by operators, growth of e-commerce etc. The market is expanding with implementation of high speed broadband connectivity to villages on pan India basis to provide e-governance solutions, other services to rural masses under BharatNet project of Govt. of India. In addition to this, private players are also contributing significantly for growth of Broadband connectivity in the country. Wireless networks, broadband penetration at all corners, affordable smart phones and single click applications for variety of services, like e-commerce, e-governance, e-education, e-health etc. are going to drive the Indian communication industry to create a strong "Digital India" platform in the coming years. In addition, the digital payments ecosystem is growing by leaps and bounds in India. This is largely possible as India is transitioning to a digital economy. Digital wallets and other cashless transactions witnessed exponential growth in the back of the demonetization drive by the Government of India

The expanding domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new services. Government's initiatives to boost indigenous manufacturing through several new policies, such as "Make in India" & PPP-MII policy, will drive and boost Telecom, Electronics and allied products manufacturing in the country.

The communication industry scenario is very bright for business in Defence sector also. The Government's CAPEX plan for investment in Defence sector in the coming years is huge and there is a significant part earmarked for communication domain. ITI, being a pioneer as an electronics manufacturing PSU in the telecommunication industry, has the distinctive edge to gain from the opportunities arising out in electronics and communication market in the country.

### II. Opportunities and Threats

With an accelerated push from the policies proposed/issued (as "Digital India", "Make in India", NDCP2018, & PPP-MII policy) by the Government, manufacturing in India is likely to get a boost. There is a huge business opportunity in electronics manufacturing, communication products manufacturing, and services as well as in IoT, Smart City products/solutions in the country. There are many other business opportunities in the field of Defence electronics and communications, Solar power solutions, Energy storage products etc. ITI has already entered in to many of these areas, like OFC, HDPE, Wi-Fi, Smart cards, Solar panel manufacturing, 4GLTE, IoT, Smart city solutions, Radio etc. ITI is also working for manufacture of Wi-Fi access points, Radio products and offering AMI solutions to utilities. ITI has tied up with many start-ups; reputed technology partners to manufacture

various telecom products. There are huge opportunities in the service sector like data centre also for which ITI is offering various services/solutions. With thrust towards providing Government services through digital means, there are many opportunities to provide e-governance applications, solutions and services at central and state government levels. ITI's mobile wallet called "TAG\_ITI" is offering cashless transactions in the country.

The New Digital Communication Policy 2018 emphasizes on enhancing local manufacturing and aims at introduction of Phased Manufacturing Program for identified product segments in Digital Communication Technologies. ITI will make efforts to manufacture some of the innovative products. The new initiatives of ITI in partnership with start-ups shall now focus on creating Indian IPRs in the communication sector which will help achieving visions of NDCP.

Department of Industrial Policy & Promotion (DIPP, now renamed as DPITT, Department for Promotion of Industry and Internal Trade) in its 2018 notification has directed Department of Telecommunications to adhere to Public Procurement (Preference to Make in India) guidelines in the procurement of Telecommunications related product and services. This policy and guideline will unfold many opportunity areas and boost local manufacturing in the telecom product and service sectors.

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

- Fast changing Technology & products.
- Eco-system for electronics manufacturing in the country is a challenge for keeping pace with technological advancement
- Intense competition in the telecom sector
- Major business is concentrated with limited number of clients & projects.

### III. Strengths and Weakness

#### Strengths

1. ITI continues to be among the leading Communication equipment manufacturer.
2. Seven decades of rich experience in Telecom equipment manufacturing and providing telecom turnkey solutions to national network.
3. Have diverse product and services range.
4. Electronic manufacturing services (EMS) expertise and skilled manpower
5. Latest state of the art infrastructure for manufacturing of complete range of telecom/electronic products.
6. C strategic telecom network infrastructure to Defence and providing maintenance services.
7. Telecom test lab facilities for testing of Telecom equipments under MTCTE (Mandatory testing and certification of telecom equipments) guidelines of DoT.
8. Pan-India presence (6 Manufacturing units at Bengaluru, Palakkad, Raebareli, Mankapur, Naini and Srinagar) as well strong marketing presence through country wide 8 MSP offices at Bengaluru, Chennai, Hyderabad, Delhi, Mumbai, Kolkata, Lucknow and Bhubaneshwar and many associated Area offices.



9. Expertise in development of Telecom products as well as Encryption and security products for defence communication.
10. Company has diversified in manufacturing of new products such as HDPE Ducts, OFC cable, Solar Panel, Smart Energy meters, WiFi Product, Smart cards/payment cards, Component screening services for VSSC, ISRO. Further company has diversified in to new business area Smart city solution, IoT, 3D printing etc.
11. Company has setup a Startup Hub at its Bengaluru Plant for nurturing budding entrepreneurs.
12. Provision of reservation quota (RQ) in procurement of BSNL, MTNL and BBNL.

#### Weakness

1. Dependence on Technology Partners for key technical inputs.
2. Lack of in house developed technologies to meet the current market demand.
3. Under utilised production line and manpower.
4. Gap in the technical manpower and lack of young talents.
5. High manpower cost and relatively low manpower productivity

#### IV Product - wise Performance

Relevant information in this regard is disclosed in the Directors' Report.

#### V. Future Outlook

The order book of ITI is about Rs. 6569 Crs as on 01.04.2019. In addition to this ITI has an advance purchase order worth Rs. 7099 Crs for Operation and maintenance of GSM BTS for BSNL. The Company has planned a turnover of Rs. 3300 Crs for FY 2019-20. About Rs. 7600 Crs order is in pipeline for ASCON Ph IV project from Defence wherein ITI was L1 and order is expected shortly. ITI is focusing on manufacturing in big way and also planning to take up turnkey projects as SI (System Integrator) to increase the value addition. Marketing group has been strengthened and restructured as MSP organisation, with a view to improve the market penetration and increase the turnover in the days to come.

The infrastructure up-gradation is completed at different plants of ITI and more projects are under implementation. The support from the Government is helping ITI for manufacturing of products in different market domains in a big way.

Company is now manufacturing many new telecom products like G-PON. ITI has won the contracts from BBNL and BSNL for the supply of G-PON equipment with C-DoT technology, further expecting orders from BharatNet Ph II , MLLN /IP MLLN, Broadband equipments, Smart energy meters, solar panels etc.. In addition to this, major focus has been given by the company for the manufacture of encrypted telecommunication equipment required for Defence sector. ITI has also taken up diversified products/services like Solar panel manufacturing, Smart card manufacturing and Data Centre services. ITI has already established OFC manufacturing lines, HDPE pipe manufacturing line at its Rae Bareilly plant and Palakkad unit. Also company is in the process of expanding its existing Data Centre. Contract manufacturing activities for Vikram Sarabhai Space Centre(VSSC) and other PSUs are under progress. ITI is associated with the prestigious space program of India of ISRO/VSSC for manufacturing of Avionic modules. The other products identified for manufacturing are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Set top box, Smart energy meters, 3D Printing etc. for which the infrastructure is being established. ITI has entered in to teaming agreements with many start-ups for smart solutions needed in IOT and smart city applications. There is good scope for getting business

for smart cities which are being developed in India. ITI is diversifying in new business areas and has signed MOU with CSIR-CECRI Lithium Ion Battery and ToT with SAC-ISRO for IRNSS receivers. ITI is also collaborating with leading Technology partners for manufacturing of Wi-Fi products like Wi-Fi Hotspots and Radios to cater to the huge requirement in the country.

#### VI. Risk Management

ITI has adopted a Risk Management framework, which covers risk management techniques while conceiving a project or while execution of a project etc. The Company is constantly monitoring and assessing the internal as well as external risk factors associated with its day to day business operations and financial management and thereby effectively mitigating possible risks associated therewith.

Like any other business sectors, Indian Telecom Sector has been witnessing a rapid change both in market and technology fronts. The Company's business, operating results and financials are subject to various risk and uncertainties. Some of them are changes in economy, change in market and technology etc. The Company believes that managing risk is critical for its growth and sustenance in the dynamic telecom sector environment. The company while consolidating its core strength of manufacturing as Telecom OEM, is also diversifying into many other sectors like IOT, Smart city, Solar power solutions, Service Sector and manufacturing of other allied Telecom / Electronics related products, solutions so as to improve the top line and bottom line.

As an added measure towards effective management of projects, the Company has brought out a Project Management Manual which will guide the project managers or the project execution teams to implement projects or execute orders in an effective manner. Company is also implementing PMMM (Project Management Maturity Model) and PCMM (People Capability Maturity Model) for better management of projects and resources. To keep ourselves abreast of latest and upcoming technology, company is actively participating in many international and domestic exhibitions, seminars.

#### VII. Human Resources

As on 31<sup>st</sup> March 2019, your Company had a total employee strength of 3,520 as compared to 3,576 at the end of the previous year. The detailed information on material developments in Human Resources/ Industrial front is given in Directors' Report.

#### VIII. Internal Control Measures

The Company has Internal Audit Department at Corporate office and Units, which reviews compliance with the Company's procedures & policies. The department coordinates with the Unit/Divisions of the Company for ensuring coverage of all major areas of operations in order to bring transparency in the affairs of the Company.

The Company is having adequate Internal Control Systems. The consultant appointed as per the advice of the Audit committee have submitted their suggestions & recommendation on Internal Control over Financial Reporting, which are implemented by the Management and are adequate as per Statutory Audit report as at 31<sup>st</sup> March 2019.

#### IX. Financial Performance

Your Company has achieved a sales turnover of Rs 1894 crore for the year ended 31<sup>st</sup> March 2019, as compared to Rs 1703 crore in the previous year. The detailed information on financial performance with respect to operational performance is given in Directors' Report.

**X Details of Significant changes in Key Financial Ratios**

S. No.	Particulars	FY 2018-19	FY 2017-18	Reasons for variations
1.	Debtors Turnover	0.58	0.54	Turnover of 2018-19 has increased mainly on account of execution of new projects/ Products. Average Debtors balance has increased slightly from previous period mainly due to delay in realization/liquidation/ adjustment of debtors with a corresponding increase in the revenue from operations has resulted in increase in debtors Turnover ratio.
2.	Inventory Turnover	11.90	9.48	Considering of Net movement in regulatory deferral account balance in cost of sale has resulted in increase in cost of sale for the current year by Rs. 398.94 crore. Average inventory has been increased by Rs. 3.24 crore because increase in inventory balance from previous period. Hence impacting increment in inventory turnover ratio by 2.42.
3.	Interest Coverage Ratio	1.94	1.71	Increase in borrowings towards working capital due to delay in realization of debtors and to meet general operational expenses. Decrease in profit in the current period mainly on account of lower margins in sales. The interest expenses has come down as compared to previous FY, so there is an improvement in Interest coverage ratio by 0.23
4.	Current Ratio	0.89	0.87	Decrease in current assets by Rs. 134.29 crore and reduction in the regulatory liability by Rs. 279.11 crore despite of increase in borrowings by Rs. 32.39 crore. Hence impacting increment in current ratio by 0.02.
5.	Debt Equity Ratio	(2.88)	(2.15)	Total debt has been increased from Rs. 1526 crore in FY 2017-18 to Rs. 1559 crore in FY 2018-19 mainly towards working capital requirements. But during the current financial year, Equity & reserves has improved from Rs. (711) crore in FY 2017-18 to (541) crore due to allotment of "share application money of Rs. 55 crores to GOI" and profit of Rs. 92.54 crores and Rs. 18 crores addition to Reserves & Surplus.

6.	Operating Ratio Margin (%)	1.00%	(3.25)%	Net Revenue from operations has increased by Rs. 238.08 crore. Operating expenses has decreased mainly on account of: (i) Employee expenses reduced due to superannuation in Apr-June 18 and reduction in the actuarial valuation expenses. (ii) Reduction in the finance cost. (iii) Reduction in Other Expenses. This has resulted in improvement in operating profit margin as compared to Previous year.
7.	Net Profit Margin (%) Or sector specific equivalent ratios, as applicable	5.55%	6.82%	Reduction in profit for the period as explained above has resulted in reduction of Net Profit margin.

**Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.**

The reason for fall in the Return on Net Worth is mainly because of decrease in Net Profit from Rs. 97.58 crore (without Grant in Aid of Rs. 132.98 crore) to Rs. 92.54 crore (Without Grant in Aid) by Rs. 5.04 crore. The fall in the profit for the period is due to decrease in the margins of the products mix, however the same is compensated to the extent of Rs. 9.02 crore because of increase in other income.

Though there is an improvement in the Net Worth of the company from Rs. (711) crore to Rs. (541) crore.

**XI Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation:**

Relevant information in this regard is disclosed in the Directors' Report.

**XII. Cautionary Statement**

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

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

**I. REGISTRATION & OTHER DETAILS**

1.	CIN	L32202KA1950GoI000640
2.	Registration Date	25.01.1950
3.	Name of the Company	ITI Limited
4.	Category/Sub-category of the Company	Public Limited Company / Government Company Company Limited by Shares
5.	Address of the Registered office & contact details	ITI Bhavan, Doorvani Nagar, Bengaluru -560 016 Ph: 080-25614466, Fax : 080-25617525 Email : cosecy_crp@itilt.co.in Website : www.itilt-india.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited 30, Ramana Residency, 4 <sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 Ph: 080-23460815-818. Fax: 080-23460819 Email: irg@integratedindia.in

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

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

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Government or State Government	703687500	312500	704000000	92.63	807300000	-	807300000	90.00	-2.63
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL: (A) (1)</b>	<b>703687500</b>	<b>312500</b>	<b>704000000</b>	<b>92.63</b>	<b>807300000</b>	<b>-</b>	<b>807300000</b>	<b>90.00</b>	<b>-2.63</b>



<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A) 2)</b>	<b>703687500</b>	<b>312500</b>	<b>704000000</b>	<b>92.63</b>	<b>807300000</b>	-	<b>807300000</b>	<b>90.00</b>	<b>-2.63</b>
<b>B. Public Share Holding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	15000	-	15000	0.00	17	-	17	0.00	0.00
b) Banks/FI	152229	21700	173929	0.02	283079	21700	304779	0.03	0.01
c) Central Government	35780690	-	35780690	4.71	69480690	-	69480690	7.75	3.04
d) State Government	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	0	800	800	0.00	0	800	800	0.00	0.00
g) FIIS	290011	-	290011	0.04	24600	-	24600	0.00	-0.04
h) Foreign Venture	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B) (1):</b>	<b>36237930</b>	<b>22500</b>	<b>36260430</b>	<b>4.77</b>	<b>69788386</b>	<b>22500</b>	<b>69810886</b>	<b>7.78</b>	<b>3.01</b>
<b>2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	1946127	28000	1974127	0.26	1930307	37100	1967407	0.22	-0.04
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 Lakhs	12656276	602364	13258640	1.74	13530410	555914	14086324	1.57	-0.17
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 Lakhs	2993694	-	2993694	0.39	2461100	-	2461100	0.27	-0.12
c) Others (specify)									
NRI	340994	64200	405194	0.05	394468	55100	449568	0.05	0.00
Clearing Member	1107715	-	1107715	0.15	924515	-	924515	0.10	-0.05
Trust	200	-	200	0.00	200	-	200	0.00	0.00
<b>SUB TOTAL (B)(2) :</b>	<b>19045006</b>	<b>694564</b>	<b>19739570</b>	<b>2.60</b>	<b>19241000</b>	<b>648114</b>	<b>19889114</b>	<b>2.22</b>	<b>-0.38</b>
<b>Total Public Shareholding (B)= (B) (1)+(B) (2)</b>	<b>55282936</b>	<b>717064</b>	<b>56000000</b>	<b>7.37</b>	<b>89029386</b>	<b>670614</b>	<b>89700000</b>	<b>10.00</b>	<b>2.63</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>758970436</b>	<b>1029564</b>	<b>760000000</b>	<b>100.00</b>	<b>8963293286</b>	<b>670614</b>	<b>897000000</b>	<b>100.00</b>	<b>0.00</b>

**B) Shareholding of Promoter and Promoter Group**

SI No.	Shareholder's Name	Shareholding at the beginning of the year i.e., 01-04-2018			Shareholding at the end of the year i.e., 31-03-2019			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	President of India	703687500	92.59	-	806987500	89.97	-	-2.62
2	Governor of Karnataka	312500	0.04	-	312500	0.03	-	-0.01
	<b>Total</b>	<b>704000000</b>	<b>92.63</b>	<b>-</b>	<b>807300000</b>	<b>90.00</b>	<b>-</b>	<b>-2.63</b>

**C) Changes in Promoters and Promoter Group' Shareholding**

SI No.	Name of the shareholder	Shareholding the Period - 01.04.2018		Date	Increase/ Decrease in share holding	Reason	Cumulative Sharehold the Period - 31.03.2019	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	President of India	703687500	92.59	01.04.2018	-	-	703687500	92.59
				19.05.2018	137000000	Preferential Allotment	840687500	93.72
				31.08.2018	-33700000	Transfer	806987500	89.97
				<b>31.03.2019</b>	<b>-</b>	<b>-</b>	<b>806987500</b>	<b>89.97</b>
2.	Governor of Karnataka	312500	0.04	<b>31.03.2019</b>	<b>-</b>	<b>-</b>	<b>312500</b>	<b>0.03</b>

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters & Promoter Group and Holders of GDRs and ADRs):

SI No	For each of top 10 shareholders	Shareholding at the beginning of the Period 01.04.2018		Date	Increase/ decrease In share holding	Reason	Cumulative shareholding during the Period 31.03.2019	
		No. of shares	% of total shares of the company				No of shares	% of total shares of the company
1.	Special National Investment Fund	35780690	4.71	01.04.2018	0		35780690	4.71
				31.08.2018	33700000	TRANSFER	69480690	7.75
				<b>31.03.2019</b>	<b>0</b>		<b>69480690</b>	<b>7.75</b>
2.	V Vardhani	339915	0.04	01.04.2018	0		339915	0.04
				06.04.2018	-18418	TRANSFER	321497	0.04
				13.04.2018	-35715	TRANSFER	285782	0.04
				20.04.2018	5733	TRANSFER	291515	0.04
				27.04.2018	1176	TRANSFER	292691	0.04
				04.05.2018	15050	TRANSFER	307741	0.04
				11.05.2018	32850	TRANSFER	340591	0.04
				18.05.2018	-34413	TRANSFER	306178	0.04
				25.05.2018	2500	TRANSFER	308678	0.04
				01.06.2018	-22902	TRANSFER	285776	0.04
				08.06.2018	-59020	TRANSFER	226756	0.03
				15.06.2018	19820	TRANSFER	246576	0.03
				22.06.2018	-95095	TRANSFER	151481	0.02
				30.06.2018	34098	TRANSFER	185579	0.02
				06.07.2018	28332	TRANSFER	213911	0.03
				13.07.2018	9240	TRANSFER	223151	0.03
				20.07.2018	19314	TRANSFER	242465	0.03
27.07.2018	-33280	TRANSFER	209185	0.03				
03.08.2018	-44430	TRANSFER	164755	0.02				
10.08.2018	53411	TRANSFER	218166	0.03				
17.08.2018	-20843	TRANSFER	197323	0.03				
24.08.2018	5075	TRANSFER	202398	0.03				
31.08.2018	-5119	TRANSFER	197279	0.02				
07.09.2018	21256	TRANSFER	218535	0.02				

				14.09.2018	-37620	TRANSFER	180915	0.02
				21.09.2018	4304	TRANSFER	185219	0.02
				29.09.2018	-44250	TRANSFER	140969	0.02
				05.10.2018	48698	TRANSFER	189667	0.02
				12.10.2018	-71447	TRANSFER	118220	0.01
				19.10.2018	10297	TRANSFER	128517	0.01
				26.10.2018	32028	TRANSFER	160545	0.02
				02.11.2018	-42849	TRANSFER	117696	0.01
				09.11.2018	-30000	TRANSFER	87696	0.01
				16.11.2018	19810	TRANSFER	107506	0.01
				23.11.2018	-24639	TRANSFER	82867	0.01
				30.11.2018	26098	TRANSFER	108965	0.01
				07.12.2018	2011	TRANSFER	110976	0.01
				14.12.2018	28523	TRANSFER	139499	0.02
				21.12.2018	-58885	TRANSFER	80614	0.01
				31.12.2018	30500	TRANSFER	111114	0.01
				04.01.2019	1000	TRANSFER	112114	0.01
				11.01.2019	57195	TRANSFER	169309	0.02
				18.01.2019	-10000	TRANSFER	159309	0.02
				25.01.2019	-26000	TRANSFER	133309	0.01
				01.02.2019	12870	TRANSFER	146179	0.02
				08.02.2019	-2000	TRANSFER	144179	0.02
				15.02.2019	-13669	TRANSFER	130510	0.01
				01.03.2019	-12000	TRANSFER	118510	0.01
				08.03.2019	-1000	TRANSFER	117510	0.01
				15.03.2019	-25000	TRANSFER	92510	0.01
				<b>31.03.2019</b>	<b>-19000</b>	<b>TRANSFER</b>	<b>73510</b>	<b>0.01</b>
3	Dilip Kumar Lakhi	338792	0.04	01.04.2018	NO MOVEMENT DURING THE YEAR			
				<b>31.03.2019</b>	<b>0</b>		<b>338792</b>	<b>0.04</b>
4	Angel Broking Private Limited	280218	0.04	01.04.2018			280218	0.04
				06.04.2018	-32576	TRANSFER	247642	0.03
				13.04.2018	12538	TRANSFER	260180	0.03
				20.04.2018	-15299	TRANSFER	244881	0.03
				27.04.2018	-15718	TRANSFER	229163	0.03
				04.05.2018	-8628	TRANSFER	220535	0.03
				11.05.2018	12713	TRANSFER	233248	0.03
				18.05.2018	2030	TRANSFER	235278	0.03
				25.05.2018	10723	TRANSFER	246001	0.03
				01.06.2018	1004	TRANSFER	247005	0.03
				08.06.2018	-631	TRANSFER	246374	0.03
				15.06.2018	-17635	TRANSFER	228739	0.03
				22.06.2018	21933	TRANSFER	250672	0.03
				30.06.2018	4237	TRANSFER	254909	0.03
				06.07.2018	-4146	TRANSFER	250763	0.03
				13.07.2018	-29645	TRANSFER	221118	0.02
				20.07.2018	36421	TRANSFER	257539	0.03
				27.07.2018	-8912	TRANSFER	248627	0.03
				03.08.2018	2233	TRANSFER	250860	0.03
				10.08.2018	-12726	TRANSFER	238134	0.03
				17.08.2018	-54680	TRANSFER	183454	0.02
				24.08.2018	3136	TRANSFER	186590	0.02
				31.08.2018	16942	TRANSFER	203532	0.02
				07.09.2018	25472	TRANSFER	229004	0.03
				14.09.2018	10267	TRANSFER	239271	0.03
				21.09.2018	3187	TRANSFER	242458	0.03
				29.09.2018	10845	TRANSFER	253303	0.03
				05.10.2018	-14821	TRANSFER	238482	0.03
				12.10.2018	-18066	TRANSFER	220416	0.02
				19.10.2018	6911	TRANSFER	227327	0.03
				26.10.2018	5759	TRANSFER	233086	0.03
				02.11.2018	-8285	TRANSFER	224801	0.03



				09.11.2018	8597	TRANSFER	233398	0.03
				16.11.2018	-15895	TRANSFER	217503	0.02
				23.11.2018	17230	TRANSFER	234733	0.03
				30.11.2018	-13699	TRANSFER	221034	0.02
				07.12.2018	-13276	TRANSFER	207758	0.02
				14.12.2018	-17808	TRANSFER	189950	0.02
				21.12.2018	4469	TRANSFER	194419	0.02
				31.12.2018	-1810	TRANSFER	192609	0.02
				04.01.2019	-5453	TRANSFER	187156	0.02
				11.01.2019	4328	TRANSFER	191484	0.02
				18.01.2019	35745	TRANSFER	227229	0.03
				25.01.2019	-233	TRANSFER	226996	0.03
				01.02.2019	-6206	TRANSFER	220790	0.02
				08.02.2019	-4961	TRANSFER	215829	0.02
				15.02.2019	21973	TRANSFER	237802	0.03
				22.02.2019	816	TRANSFER	238618	0.03
				01.03.2019	1073	TRANSFER	239691	0.03
				08.03.2019	-38226	TRANSFER	201465	0.02
				15.03.2019	7415	TRANSFER	208880	0.02
				22.03.2019	1189	TRANSFER	210069	0.02
				<b>31.03.2019</b>	<b>-25433</b>	<b>TRANSFER</b>	<b>184636</b>	<b>0.02</b>
5	The Emerging Markets Small Cap Series Of The DFA	246817	0.03	01.04.2018			246817	0.03
				06.04.2018	12771	TRANSFER	259588	0.03
				12.10.2018	-97172	TRANSFER	162416	0.02
				19.10.2018	-97208	TRANSFER	65208	0.01
				26.10.2018	-65208	TRANSFER	0	0
				<b>31.03.2019</b>	<b>0</b>		<b>0</b>	<b>0</b>
6	Karvy Stock Broking Ltd	190041	0.03	01.04.2018			190041	0.03
				06.04.2018	-4242	TRANSFER	185799	0.02
				13.04.2018	-6360	TRANSFER	179439	0.02
				20.04.2018	-2257	TRANSFER	177182	0.02
				27.04.2018	7906	TRANSFER	185088	0.02
				04.05.2018	-18623	TRANSFER	166465	0.02
				11.05.2018	210	TRANSFER	166675	0.02
				18.05.2018	11956	TRANSFER	178631	0.02
				25.05.2018	4662	TRANSFER	183293	0.02
				01.06.2018	-5196	TRANSFER	178097	0.02
				08.06.2018	1764	TRANSFER	179861	0.02
				15.06.2018	-4611	TRANSFER	175250	0.02
				22.06.2018	3852	TRANSFER	179102	0.02
				30.06.2018	-1746	TRANSFER	177356	0.02
				06.07.2018	1024	TRANSFER	178380	0.02
				13.07.2018	6486	TRANSFER	184866	0.02
				20.07.2018	5508	TRANSFER	190374	0.02
				27.07.2018	-2533	TRANSFER	187841	0.02
				03.08.2018	1672	TRANSFER	189513	0.02
				10.08.2018	19518	TRANSFER	209031	0.02
				17.08.2018	-13943	TRANSFER	195088	0.03
				24.08.2018	-2598	TRANSFER	192490	0.03
				31.08.2018	9222	TRANSFER	201712	0.02
				07.09.2018	1133	TRANSFER	202845	0.02
				14.09.2018	2425	TRANSFER	205270	0.02
				21.09.2018	-2105	TRANSFER	203165	0.02
				29.09.2018	-1824	TRANSFER	201341	0.02
				05.10.2018	2979	TRANSFER	204320	0.02
				12.10.2018	-6173	TRANSFER	198147	0.02
				19.10.2018	24527	TRANSFER	222674	0.02
				26.10.2018	2550	TRANSFER	225224	0.03
				02.11.2018	2456	TRANSFER	227680	0.03
				09.11.2018	-22169	TRANSFER	205511	0.02
				16.11.2018	-6172	TRANSFER	199339	0.02

				23.11.2018	5585	TRANSFER	204924	0.02
				30.11.2018	12789	TRANSFER	217713	0.02
				07.12.2018	-8	TRANSFER	217705	0.02
				14.12.2018	-8476	TRANSFER	209229	0.02
				21.12.2018	-5614	TRANSFER	203615	0.02
				31.12.2018	-7964	TRANSFER	195651	0.02
				04.01.2019	661	TRANSFER	196312	0.02
				11.01.2019	-5410	TRANSFER	190902	0.02
				18.01.2019	-10597	TRANSFER	180305	0.02
				25.01.2019	12501	TRANSFER	192806	0.02
				01.02.2019	557	TRANSFER	193363	0.02
				08.02.2019	102	TRANSFER	193465	0.02
				15.02.2019	-5113	TRANSFER	188352	0.02
				22.02.2019	-1646	TRANSFER	186706	0.02
				01.03.2019	1618	TRANSFER	188324	0.02
				08.03.2019	697	TRANSFER	189021	0.02
				15.03.2019	8094	TRANSFER	197115	0.02
				22.03.2019	-2136	TRANSFER	194979	0.02
				<b>31.03.2019</b>	<b>-5496</b>		<b>189483</b>	<b>0.02</b>
7	Emkay Fincap Limited	176800	0.02	01.04.2018			176800	0.02
				06.04.2018	-1414	TRANSFER	175386	0.02
				13.04.2018	-2286	TRANSFER	173100	0.02
				20.04.2018	-11650	TRANSFER	161450	0.02
				30.06.2018	3500	TRANSFER	164950	0.02
				13.07.2018	20350	TRANSFER	185300	0.02
				03.08.2018	400	TRANSFER	185700	0.02
				31.08.2018	25000	TRANSFER	210700	0.02
				07.09.2018	-30775	TRANSFER	179925	0.02
				14.09.2018	-500	TRANSFER	179425	0.02
				21.09.2018	-11200	TRANSFER	168225	0.02
				16.11.2018	-600	TRANSFER	167625	0.02
				30.11.2018	-8000	TRANSFER	159625	0.02
				07.12.2018	166	TRANSFER	159791	0.02
				14.12.2018	134	TRANSFER	159925	0.02
				04.01.2019	-100	TRANSFER	159825	0.02
				18.01.2019	-5000	TRANSFER	154825	0.02
				25.01.2019	-4950	TRANSFER	149875	0.02
				01.02.2019	-1000	TRANSFER	148875	0.02
				08.02.2019	-400	TRANSFER	148475	0.02
				15.02.2019	-8200	TRANSFER	140275	0.02
				22.02.2019	-18100	TRANSFER	122175	0.01
				01.03.2019	-1400	TRANSFER	120775	0.01
				08.03.2019	-2950	TRANSFER	117825	0.01
				15.03.2019	-1950	TRANSFER	115875	0.01
				22.03.2019	-1050	TRANSFER	114825	0.01
				<b>31.03.2019</b>	<b>-2050</b>		<b>112775</b>	<b>0.01</b>
8	Edelweiss Custodial Services Ltd	161584	0.02	01.04.2018			161584	0.02
				06.04.2018	-78811	TRANSFER	82773	0.01
				13.04.2018	-27458	TRANSFER	55315	0.01
				20.04.2018	17520	TRANSFER	72835	0.01
				27.04.2018	-10929	TRANSFER	61906	0.01
				04.05.2018	-2495	TRANSFER	59411	0.01
				11.05.2018	-3958	TRANSFER	55453	0.01
				18.05.2018	1116	TRANSFER	56569	0.01
				25.05.2018	-8905	TRANSFER	47664	0.01
				01.06.2018	4686	TRANSFER	52350	0.01
				08.06.2018	4898	TRANSFER	57248	0.01
				15.06.2018	2688	TRANSFER	59936	0.01
				22.06.2018	8377	TRANSFER	68313	0.01
				30.06.2018	1050	TRANSFER	69363	0.01
				06.07.2018	6453	TRANSFER	75816	0.01

				13.07.2018	-3709	TRANSFER	72107	0.01
				20.07.2018	3564	TRANSFER	75671	0.01
				27.07.2018	491	TRANSFER	76162	0.01
				03.08.2018	-3314	TRANSFER	72848	0.01
				10.08.2018	-2566	TRANSFER	70282	0.01
				17.08.2018	660	TRANSFER	70942	0.01
				24.08.2018	-13283	TRANSFER	57659	0.01
				31.08.2018	2614	TRANSFER	60273	0.01
				07.09.2018	2374	TRANSFER	62647	0.01
				14.09.2018	15017	TRANSFER	77664	0.01
				21.09.2018	-21239	TRANSFER	56425	0.01
				29.09.2018	177	TRANSFER	56602	0.01
				05.10.2018	9956	TRANSFER	66558	0.01
				12.10.2018	-13545	TRANSFER	53013	0.01
				19.10.2018	4146	TRANSFER	57159	0.01
				26.10.2018	6962	TRANSFER	64121	0.01
				02.11.2018	2740	TRANSFER	66861	0.01
				09.11.2018	-11911	TRANSFER	54950	0.01
				16.11.2018	4983	TRANSFER	59933	0.01
				23.11.2018	-27330	TRANSFER	32603	0
				30.11.2018	5304	TRANSFER	37907	0
				07.12.2018	326	TRANSFER	38233	0
				14.12.2018	7466	TRANSFER	45699	0.01
				21.12.2018	2984	TRANSFER	48683	0.01
				31.12.2018	2930	TRANSFER	51613	0.01
				04.01.2019	142	TRANSFER	51755	0.01
				11.01.2019	7412	TRANSFER	59167	0.01
				18.01.2019	-14253	TRANSFER	44914	0.01
				25.01.2019	-6264	TRANSFER	38650	0
				01.02.2019	6850	TRANSFER	45500	0.01
				08.02.2019	17200	TRANSFER	62700	0.01
				15.02.2019	-19646	TRANSFER	43054	0
				22.02.2019	3265	TRANSFER	46319	0.01
				01.03.2019	15247	TRANSFER	61566	0.01
				08.03.2019	-9204	TRANSFER	52362	0.01
				15.03.2019	7544	TRANSFER	59906	0.01
				22.03.2019	-2670	TRANSFER	57236	0.01
				<b>31.03.2019</b>	<b>13896</b>		<b>71132</b>	<b>0.01</b>
9	Aurang Zeb	133040	0.02	01.04.2018	NO MOVEMENT DURING THE YEAR			
				<b>31.03.2019</b>	<b>0</b>		<b>133040</b>	<b>0.01</b>
10	IL and FS Securities Services Limited	130608	0.02	01.04.2018			130608	0.02
				06.04.2018	-7651	TRANSFER	122957	0.02
				13.04.2018	1068	TRANSFER	124025	0.02
				20.04.2018	7471	TRANSFER	131496	0.02
				27.04.2018	-3116	TRANSFER	128380	0.02
				04.05.2018	-1326	TRANSFER	127054	0.02
				11.05.2018	30298	TRANSFER	157352	0.02
				18.05.2018	8689	TRANSFER	166041	0.02
				25.05.2018	5254	TRANSFER	171295	0.02
				01.06.2018	-3093	TRANSFER	168202	0.02
				08.06.2018	-2860	TRANSFER	165342	0.02
				15.06.2018	-17358	TRANSFER	147984	0.02
				22.06.2018	-11790	TRANSFER	136194	0.02
				30.06.2018	5443	TRANSFER	141637	0.02
				06.07.2018	-1083	TRANSFER	140554	0.02
				13.07.2018	-21731	TRANSFER	118823	0.01
				20.07.2018	-899	TRANSFER	117924	0.01
				27.07.2018	-682	TRANSFER	117242	0.01
				03.08.2018	-21482	TRANSFER	95760	0.01
				10.08.2018	-2891	TRANSFER	92869	0.01
				17.08.2018	3683	TRANSFER	96552	0.01
				24.08.2018	-2762	TRANSFER	93790	0.01
				31.08.2018	-9807	TRANSFER	83983	0.01



				07.09.2018	-6028	TRANSFER	77955	0.01
				14.09.2018	4198	TRANSFER	82153	0.01
				21.09.2018	15174	TRANSFER	97327	0.01
				29.09.2018	8436	TRANSFER	105763	0.01
				05.10.2018	-3531	TRANSFER	102232	0.01
				12.10.2018	25526	TRANSFER	127758	0.01
				19.10.2018	-1117	TRANSFER	126641	0.01
				26.10.2018	6393	TRANSFER	133034	0.01
				02.11.2018	779	TRANSFER	133813	0.01
				09.11.2018	-8032	TRANSFER	125781	0.01
				16.11.2018	-15545	TRANSFER	110236	0.01
				23.11.2018	-204	TRANSFER	110032	0.01
				30.11.2018	5133	TRANSFER	115165	0.01
				07.12.2018	4084	TRANSFER	119249	0.01
				14.12.2018	-411	TRANSFER	118838	0.01
				21.12.2018	-2618	TRANSFER	116220	0.01
				31.12.2018	-1966	TRANSFER	114254	0.01
				04.01.2019	-2831	TRANSFER	111423	0.01
				11.01.2019	9297	TRANSFER	120720	0.01
				18.01.2019	-13226	TRANSFER	107494	0.01
				25.01.2019	18705	TRANSFER	126199	0.01
				01.02.2019	17996	TRANSFER	144195	0.02
				08.02.2019	-35586	TRANSFER	108609	0.01
				15.02.2019	-389	TRANSFER	108220	0.01
				22.02.2019	6484	TRANSFER	114704	0.01
				01.03.2019	11287	TRANSFER	125991	0.01
				08.03.2019	-1266	TRANSFER	124725	0.01
				15.03.2019	-1921	TRANSFER	122804	0.01
				22.03.2019	-12746	TRANSFER	110058	0.01
				<b>31.03.2019</b>	<b>-25440</b>		<b>84618</b>	<b>0.01</b>

**E) Shareholding of Directors and Key Managerial Personnel**

SI No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Not Applicable			
	At the end of the year	Nil	Nil	Nil	Nil

**Note :** None of the directors and KMPs hold any shares of the Company as on 31.03.2019

**V) INDEBTEDNESS**

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	92632.23	30000.00	Nil	122632.23
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	1056.20	Nil	1056.20
<b>Total (i + ii + iii)</b>	<b>92632.23</b>	<b>31056.20</b>	<b>Nil</b>	<b>123688.43</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition (Interest accrued but not due)	Nil	Nil	Nil	Nil
Addition	3238.45	Nil	Nil	3238.45
Reduction	Nil	1056.20	Nil	1056.20
<b>Net Change</b>	<b>3238.45</b>	<b>-1056.20</b>	<b>Nil</b>	<b>2182.25</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	95870.68	30000.00	Nil	125870.68
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i + ii + iii)</b>	<b>95870.68</b>	<b>30000.00</b>	<b>Nil</b>	<b>125870.68</b>

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager					Total Amount
		Shri S. Gopu	Shri K Alagesan	Shri Chittaranjan Pradhan*	Shri Rakesh Mohan Agarwal	Shri Shashi Prakash Gupta	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,78,740	12,90,764	N.A	23,46,689	10,62,299	57,78,493
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,580	1,90,932	N.A	2,52,637	84,652	5,60,801
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit others, specify...	-	-	-	-	-	-
5	Others, please specify (Co PF/Gratuity/PL encashment/LLTC)	27,39,772	1,53,753	N.A	2,77,657	1,25,408	32,96,590
	<b>Total</b>	<b>38,51,092</b>	<b>16,35,449</b>	<b>N.A</b>	<b>28,76,983</b>	<b>12,72,359</b>	<b>96,35,884</b>

\*Shri Chittaranjan Pradhan, Director Finance (additional charge), does not draw any remuneration from the Company.

**B. Remuneration to other Directors**

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri Saday Krishna Kanoria	Smt Asha Kumari Jaswal	Shri Mayank Gupta	Dr Akhilesh Dube	Dr K R Shanmugam	Shri Suresh Chandra Panda	Shri Rajen Vidyarthi	
1	Independent Directors								
	Fee for attending board /committee meetings	58000	58000	23000	28000	25000	31000	48000	271000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>58000</b>	<b>58000</b>	<b>23000</b>	<b>28000</b>	<b>25000</b>	<b>31000</b>	<b>48000</b>	<b>271000</b>
2	Other Non-Executive Directors								
	Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1 + 2)</b>	<b>58000</b>	<b>58000</b>	<b>23000</b>	<b>28000</b>	<b>25000</b>	<b>31000</b>	<b>48000</b>	<b>271000</b>
	<b>Total Managerial Remuneration</b>	<b>58000</b>	<b>58000</b>	<b>23000</b>	<b>28000</b>	<b>25000</b>	<b>31000</b>	<b>48000</b>	<b>271000</b>
	Overall Ceiling as per the Act	Not Applicable							

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD**

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
		Smt S Shanmuga Priya	Smt Malathy Menon	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	750331	1044015	1794346
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	110542	153630	264172
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit others, specify...	-	-	-
5	Others, please specify	89075	123909	212984
	<b>Total</b>	<b>949948</b>	<b>1321554</b>	<b>2271502</b>

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

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

For and on behalf of the Board of Directors

 (Rakesh Mohan Agarwal)  
 Chairman and Managing Director

Place: Bengaluru

 Date : 15<sup>th</sup> November 2019

**Annexure 7**
**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
**Section 134 of the Companies Act, 2013 read with the Company's (Accounts) Rules, 2014:**
**A. CONSERVATION OF ENERGY:**
**(a) Energy conservation measure taken:**

The Company has under taken following energy saving measures:

1. Recommendations of Bureau of Energy Efficiency have been implemented from time to time.
2. Optimum usage of Plant utilities.
3. Monitoring of Power factor at regular intervals.
4. Replacement of old high capacity equipments with multiple optimum size capacity energy efficient ones.
5. Replace conventional electro- magnetic ballast fluorescent fitting with electronic ballast fluorescent- phosphate lamp fitting.
6. Running time of various tube-wells/ compressors has been rationalized.
7. Replacement of old and less energy efficient UPS by portable small capacity UPS.
8. Offloading of Central Air conditioning plant in winter season.
9. Use of timer control devices in street lighting, etc.
10. Diverting the load on single transformer to reduce no-load losses.
11. Training programmes/ competitions among employees to create awareness on energy conservation.
12. Usage of CFL/LED bulbs in factory and township street lighting.
13. Replacement with LED tube lights in place of conventional FTL's in factory area.
14. Relocation and merger of departments for reducing the energy consumption

**(b) Steps taken by company for utilizing alternate sources of energy and capital investment on energy conservation equipments.**

In its constant endeavour to conserve energy, ITI has planned a 500 KW captive Solar Power Plant at its Naini unit. An MoU has been signed for setting up & operation of this plant. When fully operational this plant will generate 7.0 lacs units electrical energy.

**B. TECHNOLOGY ABSORPTION**
**RESEARCH & DEVELOPMENT (R&D) 2018-19**
**(i) Efforts made towards Technology Absorption**
**Specific areas of R&D work**

- a) Design and Development of Secrecy products for new Defence and non-defence networks.
- b) Design and development of Power supply units and power aggregator with IoT.
- c) Development of Encryption Algorithms.
- d) Support for legacy secrecy products supplied and networks executed to Defence.
- e) Value addition of the existing products.
- f) Provide Network and Security Solution designs.

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

- a) The following R&D Products were productionised, which contributed for more than Rs.1.40 Crore turnover to the Company.
  - 1) Primary MUX and Spares
  - 2) Encryption products for DCN networks
  - 3) Field Telephones (Teleset 5C)
  - 4) Executive Telephone System (ETS-04)

- b) 10GE & 1GE IP Encryptor development completed and the product is in production line.
- c) MCEU (Multi Capacity Encryption Unit) is ready for production against an order for NFS project.
- d) STM-16/64 Encryptor for MCEU, development completed and successfully conducted the BSNL / NFS Evaluation. Now the product is ready for marketing.
- e) OTU-1 & OTU-2 Encryptors for ASCON PH 4 development is completed and ready for marketing.

**(iii) Imported Technology**

Imported during last three years reckoned from the beginning of the financial year - NIL

**(iv) PLAN OF ACTION**
**a) The following products are under development**

- 1) Secure FAX for Para military forces
- 2) H/W & S/W Encryptors for Data at Rest and Data in Motion.
- 3) IRNSS receivers
- 4) High Capacity Radio Relay
- 5) Integrated Selection system
- 6) Ruggedized MCEU
- 7) Power Aggregator with IoT

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

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

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

- a) High Capacity Radio Relay
- b) Indian Regional Navigation Satellite System Receiver
- c) Internet of Things products
- d) Charge Control Unit (CCU) for Solar Panels

**(v) R&D Expenditure**

a) Capital	Rs. 9.12 Crore
b) Revenue	Rs. 12.56 Crore
<b>TOTAL</b>	<b>Rs. 21.68 Crore</b>

Total R&D Expenditure as a percentage of total turnover (Excluding GST) 1.30%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (i) Activities relating to exports, initiative taken to increase exports, development of new Export markets for products and services and export plans;
- (ii) Total Foreign Exchange earning and outgo  
Earnings : NIL  
Outgo : 96.40 Crore

For and on behalf of the Board of Directors

**(Rakesh Mohan Agarwal)**  
Chairman and Managing Director

Place: Bengaluru  
Date : 15<sup>th</sup> November 2019



## ANNEXURE TO THE DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

In accordance with the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended read with Department of Public Enterprises Guidelines on Corporate Governance (DPE Guidelines), the details of compliance by the Company with the norms of Corporate Governance are as under:

#### 1. OUR CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is about maximising shareholders value legally, ethically and sustainably. Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen believes in adhering to the highest standards of Corporate Governance. We believe sound corporate governance is critical in enhancing and retaining investor trust.

#### 2. BOARD OF DIRECTORS

(a) The Board of Directors has an optimum combination of Executive (Functional) and Non- Executive Directors. As on 31<sup>st</sup> March 2019, the Board of Directors comprised of 4 Functional Directors, 1 Government Nominee Director and 7 Independent Directors. The composition of the Board of Directors of the Company is in accordance with Section 149 of the Companies Act, 2013 read with Rules made thereunder and Regulation 17 of Listing Regulations.

During the financial year 2018-19, Shri S Gopu, Chairman and Managing Director relinquished his post as Chairman and Managing

Director w.e.f. 31<sup>st</sup> May 2018 on attaining the age of superannuation. In his place, Shri K Alagesan, Director Production was entrusted with Additional Charge of Chairman and Managing Director of the Company w.e.f. 1<sup>st</sup> June 2018 and relinquished his post on attaining the age of superannuation on 30<sup>th</sup> September 2019.

There after, vide Government of India Order dated 14<sup>th</sup> October 2019, Shri Rakesh Mohan Agarwal was appointed as Chairman and Managing Director w.e.f 14<sup>th</sup> October 2019.

Government of India vide Order dated 03<sup>rd</sup> April 2019, appointed Lt Gen Rajeev Sabherwal, AVSM, VSM, Signal Officer-in-Chief as Government Nominee Director on the Board of the Company w.e.f. 12<sup>th</sup> April 2019.

Shri D. Venkateswarlu was appointed as Director-Production w.e.f. 07<sup>th</sup> November 2019 vide Government of India Order dated 5<sup>th</sup> November 2019.

During the year under review 6 Board Meetings were held on 19<sup>th</sup> May 2018, 25<sup>th</sup> July 2018, 13<sup>th</sup> August 2018, 24<sup>th</sup> September 2018, 10<sup>th</sup> November 2018 and 11<sup>th</sup> February 2019.

As on 31<sup>st</sup> March 2019, the composition of Directors, their attendance at the Board Meetings during the financial year and at the last Annual General Meeting as also number of other Directorships/ committee membership held by them are as follows:

Name of the Directors & Director Identification Number	Category of Directorship	Meeting held during respective tenure of Director	No. of Board Meeting attended	Attendance at last AGM	Number of other Directorship in Public Companies	No. of Committees in which Chairperson/ Member
Shri S Gopu <sup>1</sup> DIN: 06896296	Chairman and Managing Director	1	1	NA	NA	NA
Shri K Alagesan <sup>2</sup> DIN: 07439659	Director Production/Additional charge Chairman and Managing Director	6	6	Yes	1	1
Shri Chittaranjan Pradhan <sup>3</sup> DIN: 08094340	Director Finance (additional charge)	6	4	Yes	Nil	Nil
Shri Rakesh Mohan Agarwal <sup>4</sup> DIN: 07333145	Director Marketing	6	6	Yes	Nil	2
Shri Shashi Prakash Gupta <sup>5</sup> DIN: 08254999	Director HR	2	2	NA	1	Nil
Dr Rajesh Sharma <sup>6</sup> DIN: 08200125	Government Nominee Director	2	2	No	1	1
Lt Gen A R Prasad <sup>7</sup> DIN: 07699668	Government Nominee Director	2	1	NA	NA	NA
Shri Saday Krishna Kanoria <sup>8</sup> DIN: 00623266	Independent Director	6	5	No	1	2
Smt Asha Kumari Jaswal DIN: 07786698	Independent Director	6	5	No	Nil	1
Shri Suresh Chandra Panda <sup>9</sup> DIN: 05201584	Independent Director	5	4	No	Nil	Nil
Shri Rajen Vidyarthi <sup>10</sup> DIN: 08196235	Independent Director	4	4	No	Nil	1
Shri Mayank Gupta <sup>11</sup> DIN: 03501227	Independent Director	4	3	No	Nil	Nil
Dr Akhilesh Dube <sup>12</sup> DIN: 08195896	Independent Director	4	3	No	Nil	Nil
Dr K R Shanmugam <sup>13</sup> DIN: 08211253	Independent Director	3	1	No	Nil	1

1. Shri S Gopu relinquished his post as Chairman and Managing Director of the Company on 31<sup>st</sup> May 2018 on attaining age of superannuation.
2. Shri K Alagesan, Director Production was entrusted with additional charge of Chairman and Managing Director w.e.f from 01<sup>st</sup> June 2018 and relinquished his post on attaining age of superannuation on 30<sup>th</sup> September 2019.
3. The additional charge of Director-Finance to Shri Chittaranjan Pradhan w.e.f. 23<sup>rd</sup> March 2018 was further extended twice for a term of six months each upto 22<sup>nd</sup> September 2019.
4. Shri Rakesh Mohan Agarwal held the position of Government Nominee Director on the Board till 27<sup>th</sup> April 2018 (F/N) and assumed charge of Director-Marketing w.e.f 27<sup>th</sup> April 2018 (A/N). Shri Rakesh Mohan Agarwal held additional charge as Director Human Resources from 02<sup>nd</sup> August 2018 to 14<sup>th</sup> October 2018.  
  
Shri Rakesh Mohan Agarwal held additional charge as Chairman and Managing Director w.e.f 01<sup>st</sup> October 2019.  
  
Further, vide Government Order dated 14<sup>th</sup> October 2019 Shri Rakesh Mohan Agarwal was appointed as Chairman and Managing Director w.e.f 14<sup>th</sup> October 2019.
5. Shri Shashi Prakash Gupta was appointed as Director-Human Resources w.e.f 15<sup>th</sup> October, 2018. Shri Shashi Prakash Gupta held additional charge as Director Production from 01<sup>st</sup> October 2019 to 06<sup>th</sup> November 2019.
6. Dr Rajesh Sharma was appointed as Government Nominee Director w.e.f. 14<sup>th</sup> August 2018.
7. Lt General A R Prasad relinquished his post as Government Nominee Director on attaining the age of superannuation on 31<sup>st</sup> July 2018.
8. Shri Saday Krishna Kanoria was re-appointed as Independent Director of the Company w.e.f. 24<sup>th</sup> November 2018. Shri Saday Krishna Kanoria is the Chairman of Audit and Stakeholders Relationship Committee.
9. Shri Suresh Chandra Panda was appointed as Independent Director of the Company w.e.f 17<sup>th</sup> July 2018. Shri Suresh Chandra Panda has resigned w.e.f 09<sup>th</sup> September 2019 due to personal reasons.
10. Shri Rajen Vidyarthi was appointed as Independent Director of the Company w.e.f 08<sup>th</sup> August 2018.
11. Shri Mayank Gupta was appointed as Independent Director of the Company w.e.f 13<sup>th</sup> August 2018.
12. Dr Akhilesh Dube was appointed as an Independent Director of the Company w.e.f 08<sup>th</sup> August 2018.
13. Dr K R Shanmugam was appointed as an Independent Director of the Company w.e.f 30<sup>th</sup> August 2018.

**Note:**

- As per the latest declaration received from the Directors, none of the Directors are holding any equity shares in the Company.
- None of the Directors/ Key Managerial Personnel are interse related as on 31<sup>st</sup> March 2019.
- Apart from Dr Rajesh Sharma who is a Director in Tata Communications Limited, no other Director is on the Board of any Listed Company.
- Chairmanship/ Membership of Audit Committee and the Stakeholders Relationship Committee in public companies (including ITI) are only reckoned with.
- None of the Directors is a member of more than 10 committees or chairperson of more than 5 committees across all the companies in which he / she is a director.

**(b) Familiarisation Programme imparted to Independent Directors**

Structured orientation and training programmes are conducted to familiarize and update the Independent Directors with regard to operations of the company, nature of industry and business environment in which the company operates. On joining, an Induction programme is organized for Independent directors to familiarize them with overall view of the Company, vision and mission, Company's profile, Joint venture, nature of operation, Production and financial performance, future corporate plan etc. Further information with regard to their role and responsibilities are furnished to them. In addition to the above, Independent Directors are nominated for other programmes from time to time. All Board Members are promptly updated on any change and new development with regard to relevant regulatory requirement such as SEBI Regulations, Companies Act etc.

The details of familiarisation programme imparted to the Independent Directors of the Company is available on the Company's website at [http://www.ititd-india.com/investor\\_information](http://www.ititd-india.com/investor_information).

**(c) Skills, Expertise and Competencies of the Board**

ITI being a Government Company, all the Directors on its Board viz., Functional directors, Government Directors and Independent Directors are selected and appointed by the Government of India as per a well laid down process for each category of Director. The list of core skills, expertise and competence required for the Board to function effectively, in context of the Company's business, form an integral part of Government's process for selection of the Directors. In view thereof, the Board of the Company has not identified any such core skills or expertise or competence required by a director under Listing Regulations.

- (d)** A certificate received from Shri D Venkateswarlu, Company Secretary in Practice, confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company is enclosed as **Annexure-a** with this report.

**3. AUDIT COMMITTEE :**

The Composition of the Audit Committee is in accordance with the Regulation 17 of Listing Regulations, Section 177 of the Companies Act, 2013 and DPE Guidelines. As on 31<sup>st</sup> March 2019, the Audit Committee consists of four Independent Directors and one Executive Director as members of the Committee. Shri Saday Krishna Kanoria is the Chairman of the Committee and Shri Rakesh Mohan Agarwal, Smt Asha Kumari Jaswal, Shri Rajen Vidyarthi and Dr K R Shanmugam are the members of the Committee.

Director Finance and CFO are the permanent invitee of the Committee and Company Secretary acts as Secretary of the Committee. Head of Internal Audit is invited for the meetings. The representatives of statutory auditors are invited during discussion on Financial Results of the Company.

The terms of reference of the Audit Committee is in compliance with the Section 177 of the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and the DPE Guidelines.

During the year ended 31<sup>st</sup> March 2019, the Audit Committee met 6 times on 19<sup>th</sup> May 2018, 25<sup>th</sup> July 2018, 13<sup>th</sup> August 2018, 10<sup>th</sup> November 2018, 11<sup>th</sup> February 2019 and 15<sup>th</sup> March 2019.

During the financial year 2018-19, the Board has accepted all the recommendation of the Audit Committee.

During the financial year 2018-19, the Board of Directors of the Company in its Meeting held on 10<sup>th</sup> November 2018 reconstituted the Audit Committee by inducting Shri Rajen Vidyarthi and Dr K R Shanmugam as its members. Subsequently, the Audit Committee was reconstituted on 10<sup>th</sup> October 2019 by inducting Shri Shashi Prakash Gupta as its member in place of Shri Rakesh Mohan Agarwal. The details of attendance of Members for the Audit Committee Meetings held during 2018-19 are as under:

Name of the Member	Meetings held during respective tenure of Director	No. of Meetings attended
Shri Saday Krishna Kanoria	6	6
Smt Asha Kumari Jaswal	6	6
Shri Rakesh Mohan Agarwal <sup>1</sup>	6	6
Shri Rajen Vidyarthi <sup>2</sup>	2	2
Dr K R Shanmugam <sup>3</sup>	2	2
Shri Shashi Prakash Gupta <sup>4</sup>	NA	NA

<sup>1</sup>ceased to be Member of the Committee w.e.f 10<sup>th</sup> October 2019

<sup>2</sup>inducted as Member of the Committee w.e.f 10<sup>th</sup> November 2018

<sup>3</sup>inducted as Member of the Committee w.e.f 10<sup>th</sup> November 2018

<sup>4</sup>inducted as Member of the Committee w.e.f 10<sup>th</sup> October 2019

#### 4. NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

As on 31<sup>st</sup> March 2019, the composition of NRC is in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder, Regulation 19 of Listing Regulations and DPE Guidelines. The NRC comprise of Shri Saday Krishna Kanoria, Independent Director as the Chairman of the Committee, Shri Suresh Chandra Panda and Smt Asha Kumari Jaswal, Independent Directors of the Company as its Members.

#### REMUNERATION OF DIRECTORS

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

The remuneration paid to Whole-time Directors for the financial year 2018-19 are as follows:

(in Rs)

Staff No.	Name of the Director	Designation	Salary	Perquisites	PF contribution	others	Total
20030	Shri S Gopu <sup>1</sup>	Chairman and Managing Director	10,78,740	32,580	27,074	27,12,698	38,51,092
971	Shri K Alagesan <sup>2</sup>	Director Production/Addl Charge of Chairman and Managing Director	12,90,764	19,0,932	1,53,753	-	16,35,449
	Shri Chittaranjan Pradhan <sup>3</sup>	Director Finance	-	-	-	-	-
20094	Shri Rakesh Mohan Agarwal <sup>4</sup>	Director Marketing	23,46,689	2,52,637	2,77,657	-	28,76,983
20095	Shri Shashi Prakash Gupta <sup>5</sup>	Director HR	10,62,299	84,652	1,25,408	-	12,72,359

- Shri S Gopu relinquished his post as Chairman and Managing Director of the Company on 31<sup>st</sup> May 2018 on attaining age of super annuation
- Shri K Alagesan, Director Production was entrusted with additional charge of Chairman and Managing Director w.e.f 1<sup>st</sup> June 2018 to 30<sup>th</sup> September 2019.
- Shri Chittaranjan Pradhan, Director Finance (additional charge), does not draw any remuneration from the Company
- Shri Rakesh Mohan Agarwal was Government Nominee Director on the Board till 27<sup>th</sup> April 2018 (F/N) and assumed charge of Director-Marketing w.e.f 27<sup>th</sup> April 2018 (A/N). Shri Rakesh Mohan Agarwal held additional charge as Director Human Resources from 02<sup>nd</sup> August 2018 to 14<sup>th</sup> October 2018 and subsequently entrusted with additional charge as Chairman and Managing Director w.e.f 01<sup>st</sup> October 2019.

Further, vide Government Order dated 14<sup>th</sup> October 2019 Shri Rakesh Mohan Agarwal was appointed as Chairman and Managing Director w.e.f 14<sup>th</sup> October 2019.

Consequent to the resignation of Shri Suresh Chandra Panda from the post of Independent Director on 09<sup>th</sup> September, 2019, the Board of Directors in its meeting held on 19<sup>th</sup> September, 2019 reconstituted the NRC comprise of Shri Saday Krishna Kanoria, Independent Director as the chairman of the committee, Smt Asha Kumari Jaswal & Shri Mayank Gupta, Independent Directors of the company as its members.

ITI being a Government Company, the terms of reference of the Committee as per the provisions of the Companies Act, 2013 and Listing Regulations is limited to the extent of Senior Management i.e. one level below the Board and as per DPE Guidelines for performance related pay. Further, the appointment of Directors on the Board of the Company is as per the Directives of Government of India. The terms and conditions of appointment of Functional Directors including remuneration are also as per the Government of India directive.

The remuneration of part time Official Nominee Directors is governed by their respective rules. Only sitting fees are being paid to the Independent Directors.

Pursuant to the Notification No. 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, ITI being a Government Company is exempted in complying with the provisions relating to annual evaluation by the Board of its own performance, its Committees and individual directors. Further, as the appointment of all Directors (Executive, Government Nominee and Independent Director) is made by the Government of India, the Company has not laid down any criteria for evaluation of performance of Independent and Board of Directors. The performance of Directors is evaluated by Administrative Ministry.

- Shri Shashi Prakash Gupta was appointed as Director-Human Resources w.e.f 15<sup>th</sup> October 2018 and held additional charge as Director-Production from 01<sup>st</sup> October 2019 to 06<sup>th</sup> November 2019.
- The service contract /notice period/ severance fee etc for above directors are as per their terms of appointment made by Government of India.

##### (ii) Part-time Government Directors' compensation

Part-time Government Directors (Non- Executive) are not paid any remuneration including sitting fee for attending Board/ Committee Meetings.

##### (iii) Independent Directors' compensation

The Independent Directors are paid sitting fees for attending the Board and Committee Meetings. During the year, the Board in its Meeting held on 24<sup>th</sup> September 2018, increased the sitting fee for Board Meeting from Rs 3,000 to Rs 10,000 and for Committee meetings from Rs 3,000 to Rs 5,000.

(in Rs)

Name of the Director	Board meeting	Committee Meetings
Shri Saday Krishna Kanoria	29,000	29,000
Smt Asha Kumari Jaswal	29,000	29,000
Shri Suresh Chandra Panda*	26,000	5,000
Shri Mayank Gupta	23,000	-
Shri Rajen Vidyarthi	33,000	15,000
Dr Akhilesh Dube	23,000	5,000
Dr K R Shanmugam	10,000	15,000

 \*Resigned w.e.f 09<sup>th</sup> September 2019

- (iv) During the year under review, the Company has not paid any Commission to the Directors nor any stock options were granted to them.

#### 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of the provisions of the Companies Act, 2013 read with Rules made thereunder and Listing Regulations, the Company had constituted Stakeholders Relationship Committee to look into the redressal of Stakeholders/Investors grievance pertaining to transfer, transmission of shares, non-receipt of annual reports, issue of duplicate share certificates and miscellaneous issues. The Committee oversees and reviews the performance of Registrar and Share Transfer Agent and action taken by the Company.

As on 31<sup>st</sup> March 2019, the Committee comprised of Shri Saday Krishna Kanoria, Independent Director as Chairman of the Committee and Shri K Alagesan, Director Production/ Addl charge Chairman and Managing Director and Shri Rakesh Mohan Agarwal, Director Marketing as the Members of the Committee. Smt S Shanmuga Priya, Company Secretary is the Compliance Officer of the Company.

The Board of Directors in its Meeting held on 11<sup>th</sup> October, 2019 reconstituted the Stakeholders Relationship Committee comprise of Shri Saday Krishna Kanoria, Independent Director as Chairman of the committee, Shri Rakesh Mohan Agarwal, Chairman and Managing Director and Shri Shashi Prakash Gupta, Director Human Resources as the members of the committee.

The Company addresses all complaints, suggestions and grievances of the investors expeditiously. During the financial year 2018-19, the Company has received 2 complaints from shareholders which has been resolved.

Transfer requests are attended promptly and as on 31<sup>st</sup> March 2019, there were no pending cases for share transfers. As per information received from Registrar and Share Transfer Agent, 22 share transfer request comprising of 3,370 equity shares received during the year under review and the same were processed.

#### 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the guidelines issued by the Department of Public Enterprises on implementation of CSR activities by Public Undertakings and Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors had constituted Corporate Social Responsibility Committee. (CSR Committee). As on 31<sup>st</sup> March 2019, the Committee comprised of Shri K Alagesan, Director- Production / Additional charge Chairman and Managing Director as the Chairman of

the Committee, Shri Rakesh Mohan Agarwal, Director- Marketing and Shri Saday Krishna Kanoria, Independent Director as Members of the Committee.

During the year under review, Shri S Gopu, Chairman and Managing Director relinquished his post as the Chairman and Member of the Committee, due to his superannuation. The Board of Directors in its Meeting held on 25<sup>th</sup> July 2018 had reconstituted the CSR Committee and inducted Shri Rakesh Mohan Agarwal, Director Marketing as the Member of the Committee and re-designated Shri K Alagesan as the Chairman of the Committee. The Board of Directors in its Meeting held on 11<sup>th</sup> October, 2019 reconstituted the CSR Committee comprised of Chairman & Managing Director as the Chairman of the committee, Shri Saday Krishna Kanoria, Independent Director & Director Human Resources, as members of the committee.

The terms of reference of the Committee confirm to the requirements of the provisions of the Companies Act, 2013.

During FY 2018-19 one CSR Committee Meeting was held on 19<sup>th</sup> May 2018 in which all the Members of the Committee were present.

The CSR policy is hosted on the website of the Company at [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information). The CSR report, as required under the Companies Act, 2013 for the year ended 31.03.2019 is annexed to the Directors report

#### 7. RISK MANAGEMENT COMMITTEE

In terms of the provisions of Regulation 21 of Listing Regulations, the Board of Directors in its meeting held on 11<sup>th</sup> February 2019 constituted Risk Management Committee comprising of Director HR as Chairman, Director Finance, Dr Akhilesh Dube, Independent Director, General Manager- Operations and General Manager- Project Planning as the Members of the Committee.

Further, the aforesaid Risk Management Committee shall appraise the key risks along with mitigation plans and report to the Board periodically.

#### 8. INDEPENDENT DIRECTORS MEETING

In terms of the provisions under the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, the Independent Directors met on 15.03.2019 and reviewed the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. Except for Shri Mayank Gupta, all the Independent Directors have attended the meeting.

As on 31<sup>st</sup> March 2019, based on the certificate of independence as submitted by the Independent Directors, your Board is of the opinion the Independent Directors of the Company fulfils the conditions of independence as specified in Section 149 of the Companies Act, 2013 and Regulation 16 of Listing Regulations and all the Independent Directors are independent of the Management.

During the year under review, no Independent Director has resigned from the services of the Company.

#### 9. TRAINING OF BOARD MEMBERS

At the time of induction of new Director on the Board of the Company, a welcome letter is being addressed to him/her along with the compliances required from him/her under the Companies Act, 2013, Listing Regulations and other applicable laws. Relevant Disclosures are taken from the Director and the Management of the Company familiarises the new Director about the Company, its operations, various divisions of the Company and their roles and responsibilities, the governance, internal control processes and other relevant important information concerning the Company. Directors are also



encouraged and sponsored for attending important training programmes relating the Board related practices and orientation programmes etc conducted by various Institutes of repute. Details of training imparted to Directors during 2018-19 are uploaded on the website [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information)

#### 10. CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all Board Members, Key Managerial Personnel and Senior Management of the Company as per Listing Regulations and DPE Guidelines. The said code has been placed on the Company's website [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March 2019. A declaration to that effect signed by the Chairman and Managing Director is enclosed as **Annexure-b** to this report.

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

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has put in place as "Code of Conduct to Regulate, Monitor and Report trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Price Sensitive Information" (Insider Trading Code) for dealing in securities of ITI Limited. The objective of the Insider Trading Code is to prevent purchase/sale of shares of the Company based on Unpublished Price Sensitive Information (UPSI).

During the year under review, the Board of Directors of the Company had amended the Insider Trading Code to align the provisions of the Code with the SEBI (Prevention of Insider Trading) (Amendment) Regulations, 2018 effective from 1<sup>st</sup> April 2019. Under the Insider Trading Code, an Insider (connected person or a person in possession of UPSI) either on his own behalf or on behalf of any other person is prohibited to deal in the Company's shares when in possession of UPSI. Further the designated persons are also not allowed to trade in the securities of the Company during the closure of trading window period under the notice of Compliance Officer. To deal in securities of the Company beyond the specified limit, permission of Compliance Officer shall be required. All designated persons are required to disclose related information periodically as defined in the Insider Trading Code. The Insider Trading Code of the Company is available on the website of the Company at [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information).

#### 12. WHISTLE BLOWER POLICY

ITI has "Whistle Blower Policy" for reporting to management any instances of unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct. ITI has provided opportunities to encourage its employees to become whistle blowers, to report to competent authorities, details of any violation of rules, regulations and unethical conduct. The Directors and Senior Management are bound to maintain confidentiality of such reporting and ensure that the whistle blowers are afforded protection against harassment and not subjected to any discriminatory practices. It is hereby affirmed that no personnel has been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at <http://www.itilt-d-india.com/vigilance>

Additionally, the Company has an independent Vigilance Department, headed by a Chief Vigilance Officer. Drop Boxes' have been kept at various places in the Company, where in employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants. The Company has adopted Whistle Blower policy, as part of vigil mechanism for reporting to the management instances of unethical behavior, actual or suspected, fraud, or violation of the matters concerning the Company.

#### 13. DIVIDEND DISTRIBUTION POLICY

In terms of the provisions of Regulations 43A of Listing Regulations, the Board of Directors has approved the Dividend Distribution Policy of the Company, which contains the parameters and circumstances in determining the distribution of dividend to its shareholders and/or retaining profit earned by the Company. The said policy is available on the website of the Company at [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information)

#### 14. DISCLOSURES

(a) During the year under review the Company did not enter into any contracts, arrangements and transactions with any related party which are not at arm's length basis and ordinary course of business. No materially significant related party transactions are entered into that may have potential conflict with the interest of the Company at large. The policy on Related Party Transaction is available on the website of the Company at [http://www.itilt-d-india.com/investor\\_information](http://www.itilt-d-india.com/investor_information)

(b) (i) The financial results for the year ended 31.03.2018 were approved by the Board in its meeting held on 19.05.2018 and the same were submitted with BSE Limited and National Stock Exchange of India Limited ("NSE") within the prescribed time period

The submission was in full and intact with NSE. However, due to technical problems, only partial documents were submitted to BSE Limited. BSE Limited imposed penalty of Rs. 67,02,400/-. The Company made representation to BSE Limited. Since the submission to NSE was in order and the other related compliance of publication of Financial results were properly done, BSE waived the fine imposed vide its letter No. LIST/COMP/523610/Waiver of fine/ 803/2018-19 dated 03.09.2018.

(ii) The Company made preferential allotment of 13,70,00,000 equity shares to President of India and the same was approved by Board of Directors in its meeting held on 19.05.2018.

The Company made listing application to BSE Limited and NSE along with prescribed listing fees within stipulated time period. Due to technical glitch, the application has not been transferred from draft mode to submission mode in BSE online portal.

The Company made representation to BSE /SEBI to condone delay in filing listing application. SEBI took note of timely submission of documents with NSE, timely payment of listing fees and also the draft documents in BSE portal. Accordingly, SEBI condoned the delay in filing of listing application.

(iii) The Company had made preferential allotment of equity shares to President of India on 11.08.2016, 09.02.2017, 13.09.2017, 14.12.2017 and 19.05.2018. The Company has received listing and trading approval from both BSE and NSE for allotments made on 11.08.2016 and 09.02.2017.

However, NSE informed that there was non-compliance of meeting erstwhile Minimum Public Shareholding (MPS) requirement for preferential allotments made on 13.09.2017, 14.12.2017 and 19.05.2018 and advised to seek exemption / condonation of delay from SEBI.

The Company approached SEBI stating that non-compliance of MPS was due to lock in of shares of Promoter for compliance with certain SEBI regulations and accordingly sought condonation of delay in meeting erstwhile MPS requirement. SEBI acceded to the request vide its letter No. SEBI/HO/CFD/DIL/OW/P/28212/2018 dated 08.10.2018.

Accordingly, there were no cases of non-compliance by the Company and no penalties/strictures were imposed by the Stock Exchange or SEBI or any other Statutory Authorities on any matter related to the capital markets, during the last three years.

#### 15. GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue
2015-16	21 <sup>st</sup> September 2016 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru
2016-17	27 <sup>th</sup> September 2017 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru
2017-18	*05 <sup>th</sup> April 2018 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru
2017-18	26 <sup>th</sup> September 2018 at 11.30 a.m.	ITI Officers Club- New Wing, ITI Township

All the resolutions, set out in the respective notices of last three Annual General Meeting were passed by the shareholders. No special resolution was passed in the previous three Annual General Meetings, however 2 special resolutions were passed in the Extra Ordinary General meeting held on 05.04.2018. No resolution was put through postal ballot during year under review. Any decisions on matters requiring approval of shareholders through postal ballot system will be obtained as per the procedures laid down in the Act.

#### 16. MEANS OF COMMUNICATIONS

The quarterly and annual financial results of the Company are sent to the Stock Exchanges pursuant to the requirements under Listing Regulations immediately within 30 minutes after the conclusion of the Board Meeting. The quarterly financial results are generally published in Business Standard/ Financial Express (in English), Sanjevani (in Kannada) and Dakshin Bharat Rashtramath (in Hindi). The financial results are also made available in the Company's website- [http://www.itiltid-india.com/investor\\_information](http://www.itiltid-india.com/investor_information). The Company has been filing all corporate announcements, quarterly results, shareholding pattern, and other information with the Stock Exchanges in terms of the Listing Regulations. The Company's official news releases, besides all the events/ information are being displayed on the website of the Company. Press releases are also being sent to the Stock Exchanges and posted on the Company's website. The presentation made to institutional investors or analysts are also available on the website of the Company at [http://www.itiltid-india.com/investor\\_information](http://www.itiltid-india.com/investor_information).

#### 17. GENERAL SHAREHOLDER INFORMATION

- (a) The 69<sup>th</sup> Annual General Meeting of your Company is scheduled to be held on Friday, 27<sup>th</sup> December, 2019 at 11:30 A.M at ITI Officers Club-New Wing, ITI Township, "A" Area, Doorvani Nagar, Bengaluru-560 016
- (b) Tentative calendar for declaration of financial results for 2019-20 is given below:

For the quarter ending on 30.06.2019	On or before 14.08.2019
For the quarter ending on 30.09.2019	On or before 14.11.2019
For the quarter ending on 31.12.2019	On or before 14.02.2020
For the quarter and year ending on 31.03.2020	On or before 30.05.2020

#### (c) Listing on Stock Exchanges and payment of listing fees

Company's equity shares are presently listed in following stock exchanges:

Name of the Stock Exchange	Stock Code
<b>BSE Limited (BSE)</b> PhirozeJeejeebhoy Towers Dalal Street Mumbai- 400 001	523610
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051	ITI

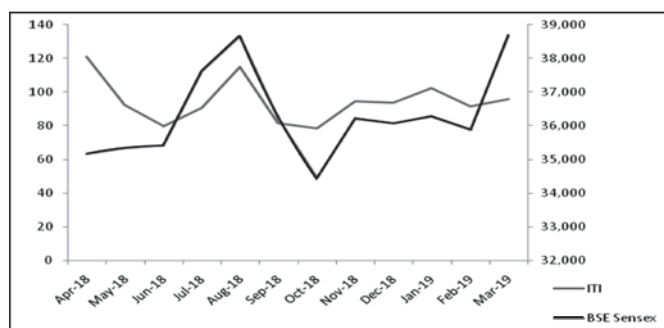
The Company has paid listing fee for 2019-20 to BSE and NSE

#### (d) Market Price Data

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

Month	BSE (Rs.per share)		NSE (Rs.per share)	
	High	Low	High	low
Apr-18	137.90	113.00	123.30	120.80
May-18	123.70	90.45	94.50	92.55
Jun-18	99.00	72.00	80.50	76.00
Jul-18	98.65	75.55	92.65	89.40
Aug-18	119.80	85.00	119.80	112.55
Sep-18	115.45	79.70	87.85	79.55
Oct-18	86.60	69.40	80.40	75.80
Nov-18	103.80	78.45	97.40	92.55
Dec-18	98.35	83.60	95.30	92.10
Jan-19	116.80	90.35	103.75	100.80
Feb-19	102.90	88.55	92.45	90.75
Mar-19	101.95	91.35	97.45	95.40

#### (e) Performance of the Company's shares in comparison to broad based indices such as BSE Sensex



#### (f) Disclosure of commodity price risks and commodity hedging activities:

Not applicable

#### (g) Date of Book closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 21<sup>st</sup> December 2019 to 27<sup>th</sup> December 2019 (both days inclusive).

**(h) Registrar and Share Transfer Agent**

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

Address : 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bengaluru - 560003  
Phone No. : 080-23460815-818  
Fax : 080-23460819  
E-Mail : irg@integratedindia.in

**(i) Share Transfer System**

The share transfer requests lodged with the Company/ RTA are processed by the Company's RTA. Transfer of dematerialized shares is done through the depositories. With a view to expedite the process of transfer and transmission of shares in physical mode, the Board of Directors has authorised the RTA to process the transfer and transmission. The details of share transfers etc. are sent to the compliance officer for ratification. A summary of transfer / transmission of securities so approved are placed at the Board Meetings on quarterly basis. For matters regarding shares transfer in physical form, duplicate share certificates, change of address, etc., the shareholders should communicate with the RTA.

**(j) Equity Shareholding Pattern as on 31<sup>st</sup> March 2019:**

Description	No. of Shareholders	No. of Shares	% to total
Promoter: President of India	1	80,69,87,500	89.97
Promoter Group: Governor of Karnataka	1	3,12,500	0.03
Mutual Funds	1	17	0.00
Banks	10	2,86,079	0.03
Financial Institutions	9	18,700	0.00
FIs	1	24,600	0.00
Insurance Companies	1	800	0.00
Central Government: Special National Investment Fund (SNIF)	1	6,94,80,690	7.75
Bodies Corporate	471	19,67,407	0.22
Resident Individuals	51,838	1,65,47,424	1.84
Trust	1	200	0.00
Clearing Members	355	9,24,515	0.10
Non Resident India	353	4,49,568	0.05
<b>Total</b>	<b>53,043</b>	<b>89,70,00,000</b>	<b>100.00</b>

**(k) Distribution of Shareholding as on 31.03.2019**

Sl.No	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	47,214	89.01	62,40,228	0.70
2	501-1000	3,262	6.15	26,94,233	0.30
3	1001-2000	1,422	2.68	22,00,479	0.25
4	2001-3000	395	0.74	10,12,986	0.11

5	3001-4000	186	0.35	6,69,775	0.07
6	4001-5000	177	0.33	8,38,740	0.09
7	5001-10000	232	0.44	16,59,520	0.19
8	10001 & above	155	0.29	88,16,84,039	98.29
	<b>TOTAL</b>	<b>53,043</b>	<b>100.00</b>	<b>89,70,00,000</b>	<b>100.00</b>

**(l) Dematerialization of Shares and liquidity**

The Company's shares are admitted in to both the depositories i.e. National Securities Depository Limited (NSDL) 8,89,054,101 shares and Central Depository Services (India) Limited (CDSL) 72,75,285 shares are dematerialized.

The Company has a shareholders base of 53,043.

99.93% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL

The Company's shares are being traded under International Securities Identification Number (ISIN)-INE248A01017

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

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

**(n) Plant locations**

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

**(o) Address for correspondence with the Company**

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

**(p) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:**

During the year under review, the Company had obtained following credit ratings:

S.No.	Name of Rating Agency	Rating	Date of Rating
1.	Brickwork Ratings India Pvt. Ltd.	Long-term rating: BWR BBB+ / Outlook: Stable [for Existing Fund Based Limits: Rs. 995 Cr. + Proposed Fund Based Limits: Rs. 150 Cr.]  Short-term rating: BWR A2 [for Existing Non-Fund based Limits: Rs. 730 Cr.]	26.04.2018
2.	ICRA Limited	Long-term rating: [ICRA] BBB- / Outlook: Stable [for Existing Fund Based Limits: Rs. 995 Cr.]  Short-term rating: [ICRA] A3 [for Existing Non-Fund Based Limits: Rs. 730 Cr.]	23.11.2018

3.	ICRA Limited	Long-term rating: [ICRA] BBB- / Outlook: Stable [for Existing Fund Based Limits: Rs. 995 Cr.] Short-term rating: [ICRA] A3 [for Existing Non-Fund Based Limits: Rs. 730 Cr. + Proposed Non-Fund Based Limits: Rs. 3754 Cr.]	26.11.2018
4.	Acuite Ratings & Research Limited	Long-term rating: ACUITE BBB- / Outlook: Stable [for Existing Fund Based Limits: Rs. 995 Cr. + Proposed Fund Based Limits: Rs. 200 Cr.] Short-term rating: ACUITE A3 [for Existing Non-Fund Based Limits: Rs. 730 Cr.]	20.02.2019
5.	Acuite Ratings & Research Limited	Long-term rating: ACUITE BBB / Outlook: Stable [for Existing Fund Based Limits: Rs. 995 Cr.] Short-term rating: ACUITE A3+ [for Existing Non-Fund Based Limits: Rs. 730 Cr. + Proposed Non-Fund Based Limits: Rs. 3754 Cr.]	29.03.2019

**(q) The details of fees paid to Statutory Auditors:**

The total amount paid to the statutory auditors for all services rendered by them to the Company during 2018-19 was Rs 9.39 lakhs (excluding taxes).

**(r) Disclosures with respect to demat suspense account/unclaimed suspense account :**

As on 31<sup>st</sup> March, 2019, there were no unclaimed shares of the Company pending for transfer in the demat suspense account/unclaimed suspense account.

**(s) Investor Education and Protection Fund (IEPF):**

In terms of the provisions of the Companies Act, 2013 read with Rules made thereunder, as on 31<sup>st</sup> March 2019, no amount is required to be transferred to IEPF.

**(t) The disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given in the Directors' Report. Members are requested to refer the Directors' Report.**

**(u) During the year under review, as part of revival package approved by Cabinet Committee on Economic Affairs (CCEA), the Company has received capital grant to an extent of Rs 337 Crores. For which 33,70,00,000 shares were allotted to President of India at face value on preferential allotment basis. Detailed fortnight report on CAPEX utilization is being sent to Ministry of Communications, Administrative Ministry.**

**(v) Compliance with Discretionary Requirements**

The status on the compliance with the discretionary requirements as specified in the Listing Regulations are as under :

- (i) The Government of India had entrusted additional charge of Chairman and Managing Director to Shri K Alagesan, Director Production and after his superannuation Shri Rakesh Mohan Agarwal was appointed as Chairman and Managing Director vide Government of India Order dated 14<sup>th</sup> October, 2019 and hence there is no separate Chairperson

and Managing Director.

- (ii) Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- (iii) The consolidated financial statement is disclosed with modified audit opinion.
- (iv) The Chief of Internal Audit reports directly to Chairman and Managing Director and also to the Audit Committee.

**18. SECRETARIAL AUDIT REPORT AND CERTIFICATES FROM COMPANY SECRETARY IN PRACTICE**

The Secretarial Audit has been conducted by Shri D Venkateswarlu, Practicing Company Secretary with respect to compliance to the applicable provisions of the Companies Act, 2013, Listing Regulations and DPE guidelines. The Secretarial Audit Report forms part of Directors report

The Annual Secretarial Compliance Report for the Year Ended 31<sup>st</sup> March 2019 was issued by Shri D Venkateswarlu, Practicing Company Secretary which has been filed with the Stock Exchanges.

Certificate from Shri D Venkateswarlu, Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Listing Regulations is enclosed as **Annexure-c** to this report.

**19. GREEN INITIATIVE**

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

In accordance with MCA Circular No.17 /2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/DP. This would enable the Company to send notices and documents to the shareholders through email. There are about 40,146 shareholders consented to receive the notice, annual reports, etc., in e-mode. This will help them in receiving all communications from the Company electronically at their registered e-mail addresses on time and avoid loss due to postal delay /non-receipt. This will also save a lot of paper, reduce carbon footprint and save enormous amount of postage expenses to your Company.

**20. COMPLIANCE**

Your Company submits quarterly Corporate Governance compliance reports as per prescribed format to the Ministry of Communications and Stock Exchanges within 15 days from the close of quarter.

**21. DPE GRADING**

Your Company submits a grading report on the compliance with the Corporate Governance with Ministry of Communications on quarterly and annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 97% for the year 2018-19.

For and on behalf of the Board of Directors  
**(Rakesh Mohan Agarwal)**  
Chairman and Managing Director

Place: Bengaluru  
Date : 15<sup>th</sup> November 2019



## AWARDS

### ITI Limited Wins India's Best Company Award for the year 2018



ITI Limited has won 'India's Best Company' Award for the year 2018. Shri K Alagesan, CMD, ITI Limited received a trophy and certificate from Shri N Sridhar, IAS, Gol and Shri Hemant Kaushik, CEO, Berkshire Media Private Limited. ITI was presented the award based on Berkshire Media's survey and analysis of company's performance. The IBC Corporate Awards 2019 ceremony was held on March 8, 2019 at The Leela Hotel, Mumbai.

### ITI Limited Bags Best PSU Award in Digital PSU Category



ITI Limited received Best PSU Award in Digital PSU Category by 'Governance Now' at 6<sup>th</sup> PSU Awards held on January 17, 2019 at The Imperial, New Delhi. Dr. Joyti Kaul, GM, Marketing, North Zone, ITI Limited received the award from Shri Manoj Tiwari, Member of Parliament (Lok Sabha), Smt. Poonam Dhillon, veteran actress and Shri M. Adhikari, Chairman Sab TV group.

### ITI Limited Receives Master Card Certification

ITI Limited has received Certificate of Compliance for Master Card production at Palakkad Plant from Master Card Certification Body, New York. ITI Limited has now become the first Public Sector Unit in the country certified for RuPay and MasterCard production and is the 'Certified Vendor' under the Master Card Global Vendor Certification Program.

### Shri K Alagesan, CMD, ITI Limited and Shri Shashi Prakash Gupta, Director (HR), ITI Limited Receive World HRD Congress Awards



Shri K Alagesan, CMD, ITI Limited received 'CEO with HR Orientation' and Shri Shashi Prakash Gupta, Director (HR), ITI Limited received 'Pride of HR Professional in PSU' award by World HRD Congress (WHRD) at the 27<sup>th</sup> Edition of the Congress held on February 15 and 16, 2019 at Taj Lands End, Mumbai respectively.

### ITI Palakkad Plant Confers Outstanding Safety Performance 'Suraksha Puraskar Award' in Industrial Safety



Outstanding Safety Performance 'Suraksha Puraskar Award' was conferred on ITI Palakkad Plant by National Safety Council, Kerala Chapter. ITI Palakkad Plant has won the award for achieving the lowest frequency rate of accidents in the category 'large size engineering industries' in industrial safety. Shri Sasidharan K, AGM-PCS, Safety Committee Chairman, Shri P V Baby, Safety Officer and members of Safety Committee received the award from Justice C K Abdul Rahim during the National Safety Day celebrations organized by National Safety Council, Ernakulam on March 4, 2019.

### ITI Limited breaks into Top 50 in Fortune India's 'The Next 500' Ranking for the year 2019

ITI Limited has earned a position in the Top 50 in Fortune India's 'The Next 500' ranking for the year 2019. It figures at 39<sup>th</sup> rank on the Fortune India's list.





**ITI Limited Wins Indywood Excellence Award 2018**



ITI Limited has won Indywood Excellence Award 2018. Shri K Alagesan, CMD, ITI Limited received the award from Shri Mohammed Ibrahim Al Qahtani at Indywood Film Carnival 2018 organized at Hitex, Convention Center, Hyderabad on December 4, 2018.

**ITI Limited Wins Digital PSU Award 2018**



ITI Limited has won Digital PSU Award for the year 2018. Shri K Alagesan, CMD, ITI Limited received the award from Chancellor Dr. Priya Ranjan Trivedi, President Confederation of Indian Universities at India Concord Summit, Connecting People to PSUs, Empowering Leadership Vision 2022 presented by ANTHRNIK (Human Technical) Approach to Learning & Development on October 26, 2018 at New Delhi.

**ITI Palakkad Plant Receives Merit Certificate in Environment Protection**



ITI Palakkad Plant received a Certificate of Merit in appreciation of efforts in pollution control and initiatives in environment protection in 2018 in the category of Engineering & Electronic Industries.

**ITI Limited Wins National Safety Awards**



ITI Bangalore Plant and ITI Rae Bareli Plant have won the prestigious National Safety Awards for the performance year 2016 as Winner for excellent performance in Industrial Safety based on Accident Free Year and as Runner Up for outstanding performance in Industrial Safety in achieving Lowest Average Frequency Rate and in achieving Accident Free Year respectively. Shri K Alagesan, CMD, ITI Limited received the award from Shri Santosh Kumar Gangwar, Honorable Minister of State for Labour & Employment (Independent Charge), GoI in the presence of Shri Heeralal Samariya, Secretary, Minister of Labour & Employment, GoI on September 17, 2018 at New Delhi.





## EVENTS

### ITI Limited Celebrates World Telecommunication and Information Society Day 2018



ITI Limited celebrated 153<sup>rd</sup> World Telecommunication and Information Society Day on the theme 'Enabling the positive use of Artificial Intelligence for All' on May 17, 2018 at R & D Conference Hall, Bangalore Plant.

### ITI Limited Celebrates World Environment Day



ITI Limited celebrated World Environment Day (WED) across ITI Plants on the theme 'Beat Plastic Pollution' on June 5, 2018.

### ITI Limited Observes Rashtriya Ekta Diwas 2018



ITI Limited observed Rashtriya Ekta Diwas (National Unity Day) in commemoration of 143<sup>rd</sup> birth anniversary of Sardar Vallabhbhai Patel, the 'Iron man of India' with great enthusiasm on October 31, 2018 at Bengaluru. Shri K Alagesan, CMD, ITI Limited, Shri Rakesh Mohan Agarwal, Director (Marketing), Shri Shashi Prakash Gupta, Director (HR), Shri Y Muralidhar, GM-BG & R&D, Unit Head, Bangalore Plant, Shri A K Bajoria, GM-NSU paid floral tributes to Sardar Vallabhbhai Patel. ITI Bangalore Plant organized a 'Walkathon for Unity' from factory premises to ITI Township.

### ITI Limited Commemorates 4<sup>th</sup> International Day of Yoga



ITI Limited commemorated 4<sup>th</sup> International Day of Yoga on the theme 'Yoga for Peace' across ITI Plants on June 21, 2018.

### ITI Limited Celebrates Dr B R Ambedkar's Birth Anniversary



ITI Bangalore Plant celebrated Dr. B R Ambedkar's 127<sup>th</sup> birth anniversary by paying tributes to the 'Father of Indian Constitution' on June 22, 2018.

### ITI Limited Organizes Swachhta Pakhwada from November 16 to 30, 2018



To commemorate the 150<sup>th</sup> birth anniversary of Mahatma Gandhi and to create awareness of cleanliness and hygiene among employees, ITI Limited organized Swachhta Pakhwada at corporate office and across its plants/units as per the guidelines of Department of Public Enterprises (DPE) from November 16 to 30, 2018. Shri K Alagesan, CMD, ITI Limited and Shri Shashi Prakash Gupta, Director-HR administered the Swachhta Pledge to the employees at corporate office.



**ITI Limited Participates in 9<sup>th</sup> Strategic Electronics Summit**



ITI Limited participated in the 9<sup>th</sup> Strategic Electronics Summit organized by Electronic Industries Association of India (ELCINA) from July 5 - 6, 2018 in Bengaluru.

**Smt. Aruna Sundararajan, Secretary (Telecom) & Chairman (DCC) Inaugurates Solar Panel Manufacturing Facility at ITI Naini Plant**



Smt. Aruna Sundararajan, Secretary (Telecom) & Chairman, Digital Communications Commission (DCC), Government of India inaugurated the Solar Panel Manufacturing Facility at ITI Naini Plant and laid the foundation stone of Skill Development Center and Environmental Test Lab in the presence of Shri K Alagesan, CMD, ITI Limited, Shri Rakesh Mohan Agarwal, Director- Marketing, Shri Rajesh Sharma, DDG (SU), DoT, Shri P K Panda, OSD to Secretary (Telecom), Shri P K Jaswal, Head - Corporate Affairs (Tech), Telecom Sector Skill Council (TSSC), Shri Sanjay Satyapriya, AGM-N, Unit Head, Naini Plant and senior officers on January 17, 2019.

**ITI Limited Observes 'Swachhta Pakhwada' and Pledges for 'Clean India'**



ITI Limited observed 'Swachhta Pakhwada' to create awareness among the employees towards the importance of cleanliness and hygiene at work place from August 16 to 31, 2018.

**Shri Manoj Sinha, Hon'ble Minister of State for Communications lays the Foundation Stone of 'Telecom Testing Center'**



Shri Manoj Sinha, Hon'ble Minister of State for Communications (Independent Charge) & Minister for Railways, Gol laid the foundation stone of 'Telecom Testing Center' at ITI Bangalore Plant in the presence of Smt. Aruna Sundararajan, Secretary (Telecom) on September 2, 2018.

**ITI Limited Hosts First Edition of 'ICT & IOT Start-up Tech Expo 2018' in Bengaluru**



Shri Prabhash Singh, Member (Technical) and Shri Ravi Kant, Member (Services), Department of Telecommunications inaugurated 'ICT & IOT Startup Tech Expo 2018' in the presence of Shri K Alagesan, CMD and Shri Rakesh Mohan Agarwal, Director- Marketing & HR.

**Shri Manoj Sinha, Hon'ble Minister of State for Communications Addressing during the 'ICT & IOT Startup Tech Expo 2018' at ITI Bangalore Plant**



Shri Manoj Sinha, Hon'ble Minister of State for Communications speaking on the valedictory function of 'ICT & IOT Startup Tech Expo 2018' at ITI Bangalore Plant.



**Smt. Aruna Sundararajan, Secretary (Telecom) Addressing during the 'ICT & IOT Startup Tech Expo 2018' at ITI Bangalore Plant**



Smt. Aruna Sundararajan, Secretary (Telecom) highlighting the importance of draft NDCP during the 'ICT & IOT Startup Tech Expo 2018' at ITI Bangalore Plant on September 2, 2018.

**ITI Limited Organizes Swachhta Hi Seva Pakhwada**



ITI Limited organized 'Swachhta Hi Seva Pakhwada' to contribute for 'Swachh Bharat Mission' across its Plants/Units from 15<sup>th</sup> September to 2<sup>nd</sup> October, 2018 as part of 150<sup>th</sup> birth anniversary of Mahatma Gandhi.

**ITI Limited Participates in 4<sup>th</sup> India-Taiwan Electronics Meet (ITEM) 2018 at Taipei**



ITI Limited participated in the 4<sup>th</sup> India Taiwan Electronics Meet (ITEM) hosted by Electronic Industries Association of India (ELCINA) from October 8 to 12, 2018 at Taipei, Taiwan. Shri Rakesh Mohan Agarwal, Director- Marketing, ITI Limited and Shri Arun Kumar, EDR (R&D), ITI Limited participated in ITEM 2018 and made a presentation on company's products and services.

**ITI Limited Participates in India Mobile Congress 2018**



ITI Limited participated in the Technology Mega Event 'India Mobile Congress 2018' organized by the Department of Telecommunications, Government of India and Cellular Operators Association of India (COAI) at Aerocity, New Delhi from October 25 to 27, 2018. ITI Limited showcased its products and services at the event.

**ITI Limited Participates in India ASEAN ICT Expo 2018 at Vietnam**



ITI Limited participated in second edition of India ASEAN ICT Expo 2018 organized by NASSCOM and Vietnam ICT Investment Forum, Ministry of Information & Communication, Vietnam with the support of Department of Telecommunications & Department of Commerce, Government of India from September 27 to 28, 2018 in Melia Hotel, Hanoi, Vietnam.

**ITI Limited Observes Constitution Day of India**



To commemorate the adoption of Constitution of India, ITI Limited observed Constitution Day (National Law Day) at ITI corporate office, plants/units and regional offices on November 26, 2018. Shri Shashi Prakash Gupta, Director-HR, Shri B S Bhat, GM-Projects and Shri Subhasis Som, AGM-Vigilance read out the 'Preamble to the Constitution of India' along with senior officers and employees at corporate office.



**Smt. Anuradha Mitra, Member (Finance), DoT Inaugurates Telecom Testing Centre at ITI Bangalore Plant**



To enable safety and security of telecom equipment in the country, a new telecom testing facility was inaugurated by Smt. Anuradha Mitra, Member (Finance), Department of Telecommunications, Government of India at ITI Bangalore Plant on February 9, 2019.

**Smt Aruna Sundararajan, Secretary (Telecom) & Chairman, Digital Communications Commission Visits ITI Bangalore Plant**



Smt. Aruna Sundararajan, Secretary (Telecom) & Chairman, Digital Communications Commission (DCC), Govt visited ITI Limited, Bangalore Plant on January 22, 2019. She inspected the products showcased by various startups in the presence of Shri K Alagesan, CMD, ITI Limited, Shri Rakesh Mohan Agarwal, Director- Marketing, Shri YGSC Kishore Babu, DDG (Policy), DCC and Shri Y Muralidhar, GM-BG & R&D, Unit Head, Bangalore.

**ITI Limited Participates in Kerala Defence & Aerospace Conclave**



ITI Limited participated in the Kerala Defence & Aerospace Conclave, Building Partnerships for Growth organized by the Department of Industries and Commerce, Kerala Bureau of Industrial Promotion and the Federation of Indian Chambers of Commerce and Industry at Kochi on January 17, 2019.

**Smt. Aruna Sundararajan, Secretary (Telecom) & Chairman, DCC Inaugurates Smart Energy Meter Testing Center at ITI Palakkad Plant**



Smt. Aruna Sundararajan, Secretary (Telecom) & Chairman, Digital Communications Commission (DCC), Government of India inaugurated the Smart Energy Meter Testing Center at ITI Palakkad Plant in the presence of Shri K Alagesan, CMD, ITI Limited, Shri Rakesh Mohan Agarwal, Director- Marketing, Shri D Venkateswarlu, GM-PKD, Unit Head, Palakkad Plant and senior officers on January 25, 2019.



## Annexure a

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
**The Members of**  
**ITI Limited**  
**(CIN: L32202KA1950GOI000640)**  
**ITI Bhavan, Doorvani Nagar,**  
**Bengaluru - 560 016**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ITI Limited having CIN: L32202KA1950GOI000640 and having registered office at ITI Bhavan, Doorvani Nagar, Bengaluru - 560 016 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S No	Name of the Director	DIN	Date of appointment in Company
1	Shri Saday Krishna Kanoria	00623266	24/11/2015
2	Shri Mayank Gupta	03501227	13/08/2018
3	Shri Suresh Chandra Panda	05201584	17/07/2018
4	Shri Rakesh Mohan Agarwal	07333145	08/06/2016
5	Shri Alagesan Kalingamuthu	07439659	29/01/2016
6	Smt Asha Kumari Jaswal	07786698	06/04/2017
7	Shri Chittaranjan Pradhan	08094340	23/03/2018
8	Dr Akhilesh Dube	08195896	08/08/2018
9	Shri Rajen Vidyarthi	08196235	08/08/2018
10	Dr Rajesh Sharma	08200125	14/08/2018
11	Dr Shanmugam Komarapalayam Rangasamy	08211253	30/08/2018
12	Shri Shashi Prakash Gupta	08254999	15/10/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru  
 Date : 30<sup>th</sup> July 2019

**D VENKATESWARLU**  
 Practicing Company Secretary  
 FCS: 8554 :: CP: 7773

## Annexure b

### DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31<sup>st</sup> March, 2019.

For and on behalf of the Board of Directors

Place: Bengaluru  
 Date : 15<sup>th</sup> November 2019

**(Rakesh Mohan Agarwal)**  
 Chairman and Managing Director



**Annexure c**

## CERTIFICATE ON CORPORATE GOVERNANCE

**To**  
**The Members of ITI Limited**

I, D Venkateswarlu, Secretarial Auditor of ITI Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraph C, D and E of the schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')

**Managements' responsibility:**

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance in the SEBI Listing Regulations.

**Auditors' Responsibility:**

My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I have carried out examination of relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India.

**Opinion:**

Based on my examination of the relevant records and according to the information and explanations provided to me and the representation made by the directors and management of the Company, I certify that the company has complied with the conditions of Corporate Governance as stipulated in regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraph C, D and E of the schedule V of the Listing Regulations during the year ended March 31, 2019 subject to the following:

- the company has not complied with the provisions of Regulation 17 of LODR with respect to Composition of Board of Directors of the company {having proper balance of independent and non-independent directors} at the beginning of the year, however, the same have been complied with as on 31<sup>st</sup> March 2019.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bengaluru  
Date : 30<sup>th</sup> July 2019

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS: 8554 :: CP: 7773

## CEO / CFO CERTIFICATION

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

**SUB: CEO / CFO CERTIFICATION**

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

We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report of ITI Limited for the year ended 31<sup>st</sup> March 2019 and that to the best of our knowledge and belief, we state that:

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

Place : Bengaluru  
Date : 15<sup>th</sup> November 2019

**(Malathy M)**  
Chief Financial Officer

**(Rakesh Mohan Agarwal)**  
Chairman and Managing Director

# STANDALONE FINANCIAL STATEMENTS

## SIGNIFICANT ACCOUNTING POLICIES

### Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareilly Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

### 1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

### Basis of Measurement:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value:

- a. Derivative financial instruments, if any
- b. Financial assets and liabilities that are qualified to be measured at fair value
- c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

### 2) Use of Estimates

The preparation of the financial statements in conformity with the IndAS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

### 3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

### 4) Revenue Recognition

#### a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and reward of ownership have been transferred to the customer as per the terms of

sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

#### b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

#### c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

#### d. Bill and Hold Sales

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- i. it is probable that delivery will be made;
- ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;
- iii. the buyer specifically acknowledges the deferred delivery instructions; the usual payment terms apply

#### e. Construction contracts

Contract revenue includes initial amount agreed in the contract and any variations in the contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

#### f. Price escalations

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

Where break up prices of sub units sold are not provided for, the same are estimated.

#### g. Bundled contracts

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies recognition criteria to separately identifiable

components (sale of goods, installation, commissioning, etc.) of the transaction and allocates revenue to those separate components based on their relative fair value.

**h. Multiple elements**

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction, allocates the revenue to those separate components based on the contract.

**i. Sales exclude Sales Tax / Value Added Tax (VAT)/Goods and Service Tax (GST)/Service Tax.**

Export Sales are treated as sales on issue of Bill of Lading

Provision is made separately for likely disallowance by customers including Liquidated Damages for contracts executed during the year.

**j. Supply of services**

Revenue from annual maintenance contracts relating to the year is recognised when the contracts are entered into on time proportion basis. Revenue is recognized at the time of rendering services.

For other fixed-price contracts (including sale of software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

**k. Interest income**

Interest income is recognized using the effective interest rate method.

**l. Dividend**

Dividend income is recognised when the Company's right to receive dividend is established

**m. Rental income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

**n. Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

**o. Other Income**

Other Income not specifically stated above is recognised on accrual basis.

**5) Property, plant and equipment, Capital Work-in progress**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

**Capital work-in-progress**

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

In the event of revaluation of entire class of PPE, if the revalued amount is greater than the carrying amount of the PPE, such difference is taken to the Revaluation Reserve. If the revalued amount is lower than the carrying amount of the PPE and if the class of PPE has already been revalued, difference is set off against the amount available under the Revaluation Reserve for the same class of PPE and excess thereof, life any, is charged to the statement of Profit and Loss.

**6) Intangible Assets, Intangible Asset under Development**

a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development"

b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

c. Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

**7) Research and development expenses:**

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

**8) Impairment of Non-financial assets**

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

**9) Depreciation /Amortisation**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

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



- b. In respect of assets sold, discarded, damaged or destroyed on or before 15<sup>th</sup> day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15<sup>th</sup> of the month depreciation is reckoned in full for the month of deletion.
- c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.
- d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Amortization

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

#### Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars		(Years)
A.	(a) Building (other than factory buildings)	60
	(b) Factory building	30
	(c) Purely temporary erections	3
	(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B.	Furniture & Fittings	10
C.	Plant & Machinery	
	(a) General Rate (on double shift basis)	15
	(b) Special Rate: - Servers & Networks	6
	(c) Data Processing Machines including Computers	3
D.	Roads and compound Walls	10
E.	Office Machinery and Equipment	5
F.	Vehicles	8
G.	Assets costing less than ₹5,000/- are depreciated @ 100%	
	However, in respect of assets having original cost of ₹50,000/- and above, a residual balance of ₹5/- has been retained in the books.	

#### 10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

#### Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance general inflation or are otherwise justified.

#### Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is recognised in the Statement of Profit and Loss.

#### 11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

#### 13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

#### 14) Inventories

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

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

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

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

#### 15) Work-in-process

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

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

**16) Tools and Gauges**

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

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

**17) Financial assets (Trade Receivables & Other receivables)**

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

**18) Errors and Estimates**

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied prospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

**19) Income taxes**

Income tax comprises of current and deferred income tax

**Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

**Deferred tax**

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**20) Warranty Liability**

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

**21) Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

**22) Employee benefits**

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

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

c. Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

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

**23) Provision & Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed in the notes.

**Onerous Contracts**

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

**24) Fair value measurement**

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

## 25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

## 26) Financial Instruments

### a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

### b. Subsequent measurement

### c. For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost,
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI),
- iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),
- iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

## Derecognition

A financial asset or part of a financial asset is derecognised when • The rights to receive cash flows from the asset has expired

## Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

## 27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## 28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

## 29) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. In case of dues outstanding for a significant period of time, on a case to case basis

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

## 30) Financial Liabilities

### a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

### b. Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss.
- ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

### c. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### d. Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

## 31) Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.



**32) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**33) Cash dividend and non-cash distribution to equity shareholders**

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

**34) Earnings per share**

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

attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**35) Events after the reporting period**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

**36) New standards and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective for the yearended 31 March 2019 and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

As per our report of even date

**For M/S Sankaran & Krishnan**

Chartered Accountants

Firm Reg No.: 003582S

For & On Behalf of Board of Directors

**S Chandran**

Partner

M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director – Production/Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019

## Standalone Balance Sheet as at 31.03.2019

₹ in Lakhs

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant & Equipment	1	262695.98	258408.35
(b) Capital work-in-progress	2	16484.62	14929.08
(c) Investment Property	3	6756.36	3559.20
(d) Goodwill		0.00	0.00
(e) Intangible assets		0.00	0.00
(f) Intangible assets under development		0.00	0.00
(g) Biological Assets other than bearer plants		0.00	0.00
(h) Financial Assets			
(i) Investments	4	40.55	40.55
(ii) Trade receivables	4 (a)	120.55	588.02
(iii) Loans	5	16.60	17.67
(iv) Others		0.00	0.00
(i) Deferred Tax Assets (net)		0.00	0.00
(j) Other non current assets		0.00	0.00
		<b>286114.66</b>	<b>0.00</b>
<b>(2) Current assets</b>			
(a) Inventories	6	14875.62	15589.59
(b) Financial Assets			
(i) Investments		0.00	0.00
(ii) Trade receivables	7	265740.05	307993.60
(iii) Cash and cash equivalents	8	2670.13	4126.10
(iv) Bank Balances other than (iii) above	8(a)	17682.76	28348.75
(v) Loans	9	47051.33	38547.51
(vi) Unbilled Revenue	9 (a)	55024.88	23724.08
(vii) Others		0.00	0.00
(c) Current Tax Assets (Net)		0.00	0.00
(d) Other current assets	10	6738.02	4882.50
		<b>409782.79</b>	<b>4882.50</b>
<b>TOTAL</b>		<b>695897.46</b>	<b>700755.00</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	89700.00	76000.00
(b) Other Equity	12	89669.56	86784.10
		<b>179369.56</b>	<b>162784.10</b>
<b>Liabilities</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Government Grants Unutilised	13	11846.46	11908.93
(b) Financial Liabilities			
(i) Borrowings	14	30000.00	30000.00
(ii) Trade Payables		0.00	0.00
(iii) Others	15	7033.42	1815.00
(c) Provisions	16	8112.86	6800.44
(d) Deferred Tax Liabilities (Net)		0.00	0.00
(e) Other Non-Current Liabilities		0.00	0.00
		<b>56992.74</b>	<b>50524.36</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	95870.68	92632.23
(ii) Trade payables	18	180486.32	226164.95
(iii) Others	19	113107.38	82414.33
(b) Provisions	20	10608.66	12005.80
(c) Current Tax Liabilities (Net)		0.00	0.00
(d) Other current liabilities	21	59462.13	74229.22
		<b>459535.17</b>	<b>74229.22</b>
<b>TOTAL</b>		<b>695897.46</b>	<b>700755.00</b>

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

For & On Behalf of Board of Directors

**S Chandran**

Partner, M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director - Production/Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019

## Statement Of Standalone Changes In Equity

**A. Equity Share Capital**

₹In Lakhs

Particulars	Amount
<b>Balance as at 01.04.2018</b>	<b>76000</b>
Changes during the Financial Year	13700
<b>Balance as at 31.03.2019</b>	<b>89700</b>

**B. Other Equity**

₹in Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
<b>Balance as at 01.04.2018</b>	<b>13,700.00</b>	<b>2,74,897.30</b>	<b>29.61</b>	<b>-4,41,813.21</b>	<b>2,33,907.98</b>	<b>6,062.43</b>	<b>86,784.10</b>
Profit or Loss for the Year	-	-	-	9,253.77	-	-	9,253.77
Other Comprehensive income for the Year	-	-	-	-	-	1,831.69	1,831.69
Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-450.54	-	-450.54
Share application money Govt. of India	5,500.00	-	-	-	-	-	5,500.00
Any other change	-	-	-	450.54	-	-	450.54
Transfer to Equity Share Capital	-13,700.00	-	-	-	-	-	-13,700.00
<b>Balance as at 31.03.2019</b>	<b>5,500.00</b>	<b>2,74,897.30</b>	<b>29.61</b>	<b>-4,32,108.90</b>	<b>2,33,457.43</b>	<b>7,894.12</b>	<b>89,669.56</b>

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

For &amp; On Behalf of Board of Directors

**S Chandran**

Partner, M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director - Production/Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019



## Standalone Statement of Profit and Loss for the year ended 31.03.2019

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>INCOME</b>			
I. Revenue from operations	22	166836.84	148416.25
II. Other Income	23	33647.30	32745.43
III. Total Revenue (I + II)		<b>200484.13</b>	181161.68
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	28371.40	31344.43
Purchase of Stock-in-Trade	25	32164.00	23197.60
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(1128.78)	1176.53
Installation & Maintenance Charges		78393.31	52607.33
Employee benefit expense	27	20422.25	22550.35
Finance costs	28	10647.11	15341.12
Depreciation and amortization expense	29	3709.16	2485.50
Other expenses	30	18651.92	9402.39
<b>Total Expenses</b>		<b>191230.37</b>	158105.25
V. Profit/(Loss) before exceptional items and tax (III-IV)		<b>9253.77</b>	23056.43
VI. Exceptional Items			
(i) Income		<b>0.00</b>	0.00
(ii) Expenses		<b>0.00</b>	0.00
VII. Profit/(Loss) before tax (V + VI)		<b>9253.77</b>	23056.43
VIII. Tax expense:			
(1) Current tax		<b>0.00</b>	0.00
(2) Deferred tax		<b>0.00</b>	0.00
IX. Profit/(Loss) for the year (VII-VIII)		<b>9253.77</b>	23056.43
X. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		<b>1831.69</b>	456.77
B. (i) Items that will be reclassified to profit or loss		<b>0.00</b>	0.00
XI. Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other.comprehensive Income for the year )		<b>11085.46</b>	23513.20
XII. Earnings per equity share (for continuing operation):			
Basic & Diluted (Face value of 10/- each):		<b>0.95</b>	3.23
Weighted average number of shares		<b>879875000</b>	643333333

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

For & On Behalf of Board of Directors

**S Chandran**  
Partner, M. No. 8646

**S. SHANMUGA PRIYA**  
Company Secretary

**MALATHY M**  
Chief Financial Officer

**ALAGESAN K**  
Director - Production/Addl. Charge CMD

Place : Bengaluru  
Date : 29.05.2019

## Standalone Cash Flow Statement for the year ended 31.03.2019

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>9253.77</b>	<b>23056.43</b>
Adjustment For :		
Depreciation	3709.16	2485.50
Financing Charges	10647.11	15341.12
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(393.67)	(159.80)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	0.00	(9211.48)
Transfer From Grant-In-Aid	(62.47)	(13678.34)
Transfer From Grant-In-Aid(Prior Period Adj.)	0.00	0.00
Other Comprehensive Income	1831.69	456.77
Non-Cash Expenditure	11708.09	336.75
	<b>27439.92</b>	<b>(4429.48)</b>
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>36693.69</b>	<b>18626.95</b>
Adjustment For:		
Trade And Other Receivables	(10628.11)	(116108.30)
Inventories	707.90	(1691.00)
Trade Payables	(24618.96)	88288.34
Direct Taxes Paid	20.23	(60.39)
	<b>(34518.94)</b>	<b>(29571.35)</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2174.75</b>	<b>(10944.40)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2174.75</b>	<b>(10944.40)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(12781.73)	(18955.36)
Sale Of Fixed Assets	0.00	9211.48
Investments	0.00	0.00
Interest Received	393.67	159.80
Dividend Received	0.00	0.00
	<b>(12388.06)</b>	<b>(9584.08)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(12388.06)</b>	<b>(9584.08)</b>
<b>(C ) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	3238.45	4715.33
Share Application Money	5500.00	13700.00
Issue Of Share Capital	0.00	20000.00
Grant-In-Aid Received	0.00	13298.00
Financing Expenses	(10647.11)	(15341.12)
	<b>(1908.67)</b>	<b>36372.20</b>
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>(1908.67)</b>	<b>36372.20</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>(12121.98)</b>	<b>15843.73</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>32474.85</b>	<b>16631.13</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>20352.87</b>	<b>32474.85</b>

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

For & On Behalf of Board of Directors

**S Chandran**  
 Partner, M. No. 8646

**S. SHANMUGA PRIYA**  
 Company Secretary

**MALATHY M**  
 Chief Financial Officer

**ALAGESAN K**  
 Director - Production/Addl. Charge CMD

Place : Bengaluru  
 Date : 29.05.2019

# Notes to the Standalone Financial Statements

Note No. 1

Property, Plant & Equipment

FY 2018-19  
₹ in Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2019	
	GROSS AMOUNT 01.04.2018	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	ACCUMULATED DEP. 01.04.2018	FOR THE YEAR	DELETION		ADJUSTMENTS
<b>LAND:</b>										
-FREE HOLD*	2,24,683.19	-	2,854.00	-	2,21,829.19	-	-	-	-	-
-LEASE HOLD****	118.46	-	-	-	118.46	0.54	0.27	-	-	0.81
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
BUILDING**	11,294.03	293.99	370.22	-	11,217.80	1,535.53	751.38	16.23	-	2,270.68
PLANT & MACHINERY***	23,568.18	10,432.16	-	-	34,000.33	2,268.65	2,621.00	-	-	4,889.65
OTHER EQUIPMENT	2,624.73	409.88	-	-	3,034.60	342.73	240.63	-	-	583.36
OFFICE M/C & EQPT	209.28	48.70	-	-	257.99	78.59	57.00	-	-	135.60
FURNITURE FIXTURE & FITTINGS	41.67	10.50	-	-	52.17	27.74	3.49	-	-	31.23
VEHICLES	145.98	12.56	-	19.92	138.62	23.37	18.48	-	-	41.85
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,62,685.51</b>	<b>11,207.79</b>	<b>3,224.22</b>	<b>19.92</b>	<b>2,70,649.16</b>	<b>4,277.16</b>	<b>3,692.25</b>	<b>16.23</b>	<b>-</b>	<b>7,953.18</b>

FY 2017-18  
₹ in Lakhs

Property, Plant & Equipment

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2018	
	GROSS AMOUNT 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	ACCUMULATED DEP. 01.04.2017	FOR THE YEAR	DELETION		ADJUSTMENTS
<b>LAND:</b>										
-FREE HOLD*	2,25,848.80	-	1,165.61	-	2,24,683.19	-	-	-	-	-
-LEASE HOLD****	118.46	-	-	-	118.46	0.27	0.27	-	-	0.54
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
BUILDING**	10,186.93	1,107.10	-	-	11,294.03	801.77	733.77	-	-	1,535.53
PLANT & MACHINERY***	11,131.52	12,436.65	-	-	23,568.18	812.25	1,456.40	-	-	2,268.65
OTHER EQUIPMENT	2,108.16	516.57	-	-	2,624.73	132.31	210.42	-	-	342.73
OFFICE M/C & EQPT	193.06	16.34	0.12	-	209.28	24.30	54.36	0.06	-	78.59
FURNITURE FIXTURE & FITTINGS	40.24	1.43	-	-	41.67	17.50	10.24	-	-	27.74
VEHICLES	38.40	107.58	-	-	145.98	9.37	14.00	-	-	23.37
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,49,665.58</b>	<b>14,185.67</b>	<b>1,165.73</b>	<b>-</b>	<b>2,62,685.51</b>	<b>1,797.76</b>	<b>2,479.47</b>	<b>0.06</b>	<b>-</b>	<b>4,277.16</b>



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

₹ in Lakhs

**Notes:**

- There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
- Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
- With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

<b>Fixed Assets</b>	<b>(Years)</b>
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate : - Servers & Networks	6
Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8
G. Assets costing less than ₹5,000/- are depreciated @ 100%	

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

- \* i) Includes ₹25 Lakhs value of land (Before revaluation) gifted by UP Govt. credited to Capital Reserve.
- ii) Registered valuers have revalued Land of the company on 31.3.2006.
- \*\*\* i) Includes ₹85 Lakhs of plant & machinery given free of cost by UNIDO.
- ii) Includes ₹60 Lakhs of plant & machinery cost of which is borne by Ministry of Information Technology.
- iii) Includes cost of fixed assets worth ₹5000 Lakhs procured out of Grant received from Government of India during 2004-05.
- iv) includes ₹937 Lakhs of plant, machinery and Equipments received free of cost by Rae Bareli unit.
- \*\*\*\* Includes ₹26.94 Lakhs payment made to J&K Govt for which lease deed proceedings are in process.

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

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 2</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>		
Capital Work-in-Progress at Cost	6138.39	6883.23
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>6138.39</b>	<b>6883.23</b>
Materials with Contractors	28.93	28.93
Less : Provision	28.93	28.93
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Machinery at Cost</b>		
In-Transit	342.65	777.04
Awaiting Acceptance / Installation	10010.11	7275.33
	10352.76	8052.37
Less: Provision	6.53	6.53
<b>TOTAL</b>	<b>10346.23</b>	<b>8045.84</b>
<b>GRAND TOTAL</b>	<b>16484.62</b>	<b>14929.08</b>

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

**Note No.3**

**FY 2018-19**

**Investment Property:**

₹ in Lakhs

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2019
	GROSS AMOUNT 01.04.2018	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	ACCUMULATED DEP. 01.04.2018	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	
LAND	3,541.87	2,854.00	-	-	6,395.87	-	-	-	-	-	6,395.87
BUILDING	18.87	353.99	-	-	372.86	1.54	10.84	-	-	12.38	360.48
<b>TOTAL</b>	<b>3,560.74</b>	<b>3,207.99</b>	<b>-</b>	<b>-</b>	<b>6,768.73</b>	<b>1.54</b>	<b>10.84</b>	<b>-</b>	<b>-</b>	<b>12.38</b>	<b>6,756.36</b>

**FY 2017-18**

**Investment Property:**

₹ in Lakhs

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2018
	GROSS AMOUNT 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	ACCUMULATED DEP. 01.04.2017	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	
LAND	2,752.70	789.17	-	-	3,541.87	-	-	-	-	-	3,541.87
BUILDING	18.87	-	-	-	18.87	0.77	0.77	-	-	1.54	17.33
<b>TOTAL</b>	<b>2,771.57</b>	<b>789.17</b>	<b>-</b>	<b>-</b>	<b>3,560.74</b>	<b>0.77</b>	<b>0.77</b>	<b>-</b>	<b>-</b>	<b>1.54</b>	<b>3,559.20</b>

**Notes:**

- i)
  - (a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.
  - (b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bengaluru & Mankapur) are yet to be executed by the respective State Governments.
  - (c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.
  - (d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.
- ii) 1.83 acres of land is leased to Southern Railways and 0.286 acres of land is leased to ESI corporation.
- iii)
  - (a) BSNL Telephone Exchange having area of 0.5733 acres of land
  - (b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land
  - (c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land
  - (d) EPFO, F-28 Bldg. having area of 0.6069 acres of land
  - (e) Thumbay Aviation [Halipad - EC Plant] having area of 0.9182 acres of land
  - (f) Embassy Services Pvt. Ltd. having area of Land and Building 0.776 acres and 6300 Sq.meters respectively.

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 4</b>		
<b>NON- CURRENT FINANCIAL ASSETS-INVESTMENTS</b>		
Investment in Equity instruments		
Fully Paid at Cost (unquoted)	40.55	40.55
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares(extent of investment 49%)	0.00	0.00
<b>TOTAL</b>	<b>40.55</b>	<b>40.55</b>
As per IND AS 27 Separate Financial Statements, Investment in Joint Ventures is being carried at cost in the Standalone Financial Statements.		
<b>NOTE NO. 4 (a)</b>		
<b>STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
<b>Secured</b>		
Considered Good	120.55	588.02
Considered Doubtful	0.00	0.00
	<u>120.55</u>	<u>588.02</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>120.55</b>	<b>588.02</b>
<b>Un Secured</b>		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>120.55</b>	<b>588.02</b>
<b>NOTE NO. 5</b>		
<b>NON CURRENT FINANCIAL ASSETS - LOANS</b>		
<b>Secured and considered good :</b>		
Capital Advances	0.00	0.00
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<b>Considered Doubtful :</b>	<b>0.00</b>	<b>0.00</b>
Capital Advances	1.62	1.62
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>Total</b>	<b>1.62</b>	<b>1.62</b>
less: provision	1.10	1.10
<b>TOTAL SECURED LOANS &amp; ADVANCES</b>	<b>0.52</b>	<b>0.52</b>
<b>Unsecured and considered good :</b>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.70
Loans and advances	16.08	16.45
Considered Doubtful:	0.00	0.00
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>Total</b>	<b>16.08</b>	<b>17.15</b>
<b>less: provision</b>	<b>0.00</b>	<b>0.00</b>
<b>Loans and advances due from related parties :</b>		
<b>ISL</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>16.08</b>	<b>17.15</b>
<b>GRAND TOTAL</b>	<b>16.60</b>	<b>17.67</b>



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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	
<b>NOTE NO. 6</b>			
<b>INVENTORIES</b>			
a) Raw material and Production stores	8800.66	7100.33	
Less: Provision for Obsolescence	<u>1790.84</u>	<u>1790.84</u>	
	<b>7009.82</b>		5309.50
b) Material issued against Fabrication Contracts	96.91	98.05	
Less: Provision	<u>95.47</u>	<u>95.47</u>	
	<b>1.44</b>		2.58
c) Non-Production Stores	850.52	807.71	
Less: Provision for Obsolescence	<u>237.41</u>	<u>237.41</u>	
	<b>613.11</b>		570.30
d) Work-in-Process Production	4021.81	3070.03	
Less: Provision	<u>305.09</u>	<u>305.09</u>	
	<b>3716.72</b>		2764.94
e) Work-in-Process Installation	0.00	0.00	
Less: Provision	<u>0.00</u>	<u>0.00</u>	
	<b>0.00</b>		0.00
f) Manufactured Components	984.87	948.36	
Less: Provision	<u>40.13</u>	<u>40.13</u>	
	<b>944.74</b>		908.23
g) Finished Goods			
Stock-in-Trade	2288.89	1775.37	
Excise Duty thereon	0.44	85.73	
	<u>2289.33</u>	<u>1861.10</u>	
Less: Provision	<u>1045.71</u>	<u>1045.71</u>	
	<b>1243.62</b>		815.39
h) Stock Reconciliation Account	10.33	10.33	
Less: Provision	<u>10.33</u>	<u>10.33</u>	
	<b>0.00</b>		0.00
i) Goods Pending Inspection / Acceptance			
	<b>0.00</b>		578.51
j) Material-in-Transit Advances			
Considered Good	1346.17	4640.14	
Considered Doubtful	82.23	82.23	
	<u>1428.40</u>	<u>4722.37</u>	
Less: Provision	<u>82.23</u>	<u>82.23</u>	
	<b>1346.17</b>		4640.14
k) Material received and In-Transit Advances	<b>0.00</b>		0.00
l) Tools and Gauges	<b>0.00</b>		0.00
<b>GRAND TOTAL</b>	<b>14875.62</b>	<b>15589.59</b>	

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 7</b>		
<b>CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	0.00	0.00
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Un Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	239007.47	246311.84
Considered Doubtful	4651.61	4651.61
	243659.07	250963.44
Other for a period of not exceeding 6 months: Considered Good	26732.58	61681.76
	270391.65	312645.20
Less: Provision	4651.61	4651.61
<b>TOTAL</b>	<b>265740.05</b>	<b>307993.60</b>
<b>GRAND TOTAL</b>	<b>265740.05</b>	<b>307993.60</b>

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is a example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis

**NOTE NO. 8**
**CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

a) Cash-on-Transit	0.00	0.00
b) Cash on hand	27.43	66.34
c) Cheques & Stamps on Hand	0.13	0.00
d) Balance with Banks :		
- On Current Account	2642.56	4059.76
<b>TOTAL</b>	<b>2670.13</b>	<b>4126.10</b>

**NOTE NO. 8 (a)**
**CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE**
**Balance with Banks :**

- On Escrow Account	3066.90	28265.65
- On Current Account (Apprentices)	0.00	5.79
Unpaid Dividend	0.00	0.00
Security deposits/others	0.51	0.44
LC Margin money	0.00	0.00
On Savings Account (Apprentices Security Deposits)	0.00	2.47
On short term deposit (margin money)	61.07	74.40
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	14554.29	0.00
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>17682.76</b>	<b>28348.75</b>

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 9</b>		
<b>CURRENT FINANCIAL ASSETS - LOANS</b>		
Secured Advances recoverable in cash or for value to be received		
Vehicles	0.00	0.00
House building	0.00	0.00
Other Deposits	1048.07	541.71
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1048.07</b>	<b>541.71</b>
Un secured Advances recoverable in cash for value to be received		
Considered Good	25708.79	17890.69
Considered Doubtful	896.61	1517.83
	<b>26605.40</b>	<b>19408.51</b>
Less: Provision	896.61	1517.83
	<b>25708.79</b>	<b>17890.69</b>
Claims and Expenses Recoverable - Inland		
Considered Good	17435.72	16238.21
Considered Doubtful	696.74	696.74
	<b>18132.46</b>	<b>16934.95</b>
Less: Provision	696.74	696.74
	<b>17435.72</b>	<b>16238.21</b>
Claims and expenses recoverable - Foreign		
Considered Good	9.60	10.15
Considered doubtful	1204.32	1204.32
	<b>1213.92</b>	<b>1214.47</b>
Less: Provision	1204.32	1204.32
	<b>9.60</b>	<b>10.15</b>
Advance for Civil Works/ Capital Goods		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Vehicle advance	0.00	(0.00)
Other Deposits	3088.20	4105.01
Less: Provision	256.00	256.00
	<b>2832.20</b>	<b>3849.01</b>
Interest accrued but not due on short term deposits	16.94	17.74
<b>TOTAL</b>	<b>46003.25</b>	<b>38005.80</b>
<b>GRAND TOTAL</b>	<b>47051.33</b>	<b>38547.51</b>

- Claims and expenses recoverable - inland- includes ₹1690.20 Lakhs recoverable from M/s HCL Infosystem Ltd. as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.
- Claims and expenses recoverable - inland- includes ₹140.27 Lakh (₹140.27 Lakh) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2019-2020
- Claim Recoverable - in land - includes ₹1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.
- Rent Receivable includes of ₹5847.9 Lakhs on a premises leased out upto the period ended 31.03.2011 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

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 9 (a)</b>		
<b>Unbilled Revenue</b>		
Government	55024.88	23724.08
Non Government	0.00	0.00
<b>TOTAL</b>	<b>55024.88</b>	<b>23724.08</b>

**NOTE NO. 10**
**OTHER CURRENT ASSETS**

Taxes & Duties input	6149.89	4320.90
Deposits with Customs Department	99.74	5.08
Payment of Advance tax (Net of refunds)	68.57	88.80
Deposits with Excise Authorities	419.81	454.97
WCT Recoverable	0.00	12.75
<b>TOTAL</b>	<b>6738.02</b>	<b>4882.50</b>

**NOTE NO. 11**
**I. EQUITY SHARE CAPITAL**
**a) Authorised**

2,80,00,00,000 equity shares of ₹ 10 each	280000.00	80000.00
b) Issued		
89,70,00,000 equity shares of ₹ 10 each	89700.00	76000.00
c) Subscribed and Fully Paid-up		
89,70,00,000 equity shares of ₹ 10 each	89700.00	76000.00
d) Subscribed & not fully paid up	0.00	0.00
e) Par value per share	0.00	0.00
f) Calls unpaid	0.00	0.00
g) Forfeited shares	0.00	0.00
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<b>As at 31.03.2019</b>	<b>As at 31.03.2018</b>

Particulars	No. of shares	No. of shares
Number of shares outstanding O.B	760000000	560000000
Add: Issues during the year	137000000	200000000
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	897000000	760000000

i) The rights and preferences and restrictions attaching to the above class of shares

- Each holder of Equity share is entitled to one vote per share.

- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	As at 31.03.2019	As at 31.03.2018
j) List of share holders holding more than 5% shares		
<u>Name</u>	<u>No. of shares held</u>	<u>No. of shares held</u>
1. President of India	867887500	730887500
k) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	Nil	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil	Nil
iii) Aggregate number and class of shares bought back	Nil	Nil

**II. PREFERENCE SHARE CAPITAL**
**a) Authorised**

7,00,00,000 preference shares of ₹ 100 each	70000.00	40000.00
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## Notes to the Standalone Financial Statements (Contd...)

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 12</b>		
<b>OTHER EQUITY</b>		
<b>1) Capital Reserves</b>		
i) Free Land Gifted		
O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
Total	25.30	25.30
Deductions	0.00	0.00
Closing balance	25.30	25.30
ii) Capital Grant in aid		
As per last Balance Sheet	274872.00	274872.00
Transfer from Grant in aid (capital)	0.00	0.00
Closing Balance	274872.00	274872.00
<b>TOTAL CAPITAL RESERVES</b>	<b>274897.30</b>	<b>274897.30</b>
<b>2) Securities premium reserve</b>		
O.B as per last B/S	29.61	29.61
Additions	0.00	0.00
Total	29.61	29.61
Deductions	0.00	0.00
Closing balance	29.61	29.61
<b>3) Revaluation Reserve</b>		
i) Revaluation reserves- Land		
Opening balance as per last B/S	227238.45	227611.22
Less-Reversal on sale of land	0.00	372.77
Closing Balance	227238.45	227238.45
ii) Revaluation reserves-Buildings		
Opening balance as per last B/S	6669.52	7220.22
Less-Transfer to General Reserve	450.54	550.70
Closing Balance	6218.97	6669.52
<b>TOTAL-REVALUATION RESERVE</b>	<b>233457.43</b>	<b>233907.97</b>
<b>4) Retained Earnings</b>		
i) General reserve:		
Opening balance as per last B/S	1408.66	849.73
Prior Period Adjustments	0.00	0.00
Add: Transfer from Revaluation Reserve (Dep)	450.54	550.71
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	0.00	(8.22)
Closing Balance	1859.21	1408.66
ii) Profit on Sale of Fixed Assets		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to Surplus	0.00	0.00
Closing Balance	0.00	0.00
iii) Sale of Technical know-how		
As per last Balance Sheet	3.50	3.50
Less-Transfer to P&L	0.00	0.00
Closing Balance	3.50	3.50
iv) Industrial Housing Subsidy		
As per last Balance Sheet	6.79	6.79
Less-Transfer to P&L	0.00	0.00
Closing Balance	6.79	6.79

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
v) Investment allowance reserve		
As per last Balance Sheet	0.00	0.00
Less: Transfer to General reserve	0.00	0.00
Closing Balance	0.00	0.00
vi) Surplus		
As per last Balance sheet	(443232.16)	(466288.59)
Add: Profit/(Loss) for the year	9253.77	23056.43
Add: Transfer from General Reserve	0.00	0.00
Add: Transfer from Profit on sale of fixed assets	0.00	0.00
<b>TOTAL</b>	<b>(433978.39)</b>	<b>(443232.16)</b>
Less- Appropriations	0.00	0.00
Less-Transfer from P&L A/C-(Loss for the year)	0.00	0.00
Closing Balance	(433978.39)	(443232.16)
<b>TOTAL-RETAINED EARNINGS</b>	<b>(432108.90)</b>	<b>(441813.21)</b>
<b>5) Share application money pending allotment</b>	<b>5500.00</b>	<b>13700.00</b>
<b>6) Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans (Actuarial Gain)		
Opening Balance	6062.43	5605.67
Changes during the Year	1831.69	456.77
Closing balance	7894.12	6062.43
<b>GRAND TOTAL - OTHER EQUITY</b>	<b>89669.56</b>	<b>86784.10</b>
<b>NOTE NO. 13</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>Government Grants Unutilised:</b>		
i) Free Equipment gifted		
Opening balance as per last B/S	62.47	156.21
Less-Transfer to P&L	62.47	93.74
Closing Balance	0.00	62.47
ii) Grant-in-aid (Capital) :		
As per last Balance Sheet	4.64	4.64
Add: Receipts during the year	0.00	0.00
<b>Total</b>	<b>4.64</b>	<b>4.64</b>
Less: Transfer to revenue GIA/Capital reserves	0.00	0.00
Less: Transfer to Profit & Loss Account	0.00	0.00
Closing Balance	4.64	4.64
iii) Grant-in-aid (Revenue)		
As per last Balance Sheet	11841.82	12128.42
Add : Receipts during the year	0.00	13298.00
<b>Total</b>	<b>11841.82</b>	<b>25426.42</b>
Less: Transfer to Profit & Loss Account	0.00	13584.60
Closing Balance	11841.82	11841.82
<b>GRAND TOTAL</b>	<b>11846.46</b>	<b>11908.93</b>

-Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 14</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>FINANCIAL LIABILITIES - LOANS</b>		
<b>i) Secured Loans</b>		
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Others	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>ii) Unsecured Loans</b>		
Loan from Government of India*	30000.00	30000.00
Interest accrued and due on the above	0.00	0.00
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Deferred payment liabilities	0.00	0.00
Deposits	0.00	0.00
Loans and advances from related parties	0.00	0.00
Long term maturities of finance lease obligation	0.00	0.00
Other loan - Ku Band	0.00	0.00
<b>TOTAL</b>	<b>30000.00</b>	<b>30000.00</b>
<b>GRAND TOTAL</b>	<b>30000.00</b>	<b>30000.00</b>
*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit (operational profit without any grants) based on which repayment schedule is constructed, the carrying amount is being continued as Non-current Financial Liability. Interest has not been provided in the books of accounts which in the opinion of company no longer required.		
<b>NOTE NO. 15</b>		
<b>NON-CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Security deposit received	7033.42	758.80
Interest accrued and but not due on Loan from GOI	0.00	1056.20
<b>GRAND TOTAL</b>	<b>7033.42</b>	<b>1815.00</b>
<b>NOTE NO. 16</b>		
<b>NON CURRENT PROVISIONS</b>		
<b>For privilege Leave</b>		
As per Last Balance Sheet	6601.67	5693.29
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1384.21	908.38
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>7985.88</b>	<b>6601.67</b>
<b>For sick Leave</b>		
As per Last Balance Sheet	87.87	137.80
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(25.36)	(49.92)
Less: Payments	0.00	0.01
<b>TOTAL</b>	<b>62.52</b>	<b>87.87</b>
<b>ii) Others</b>	<b>64.46</b>	<b>110.90</b>
<b>GRAND TOTAL</b>	<b>8112.86</b>	<b>6800.44</b>

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 17</b>		
<b>CURRENT LIABILITIES</b>		
i) Current Financial Liabilities - Loans		
Loans repayable on demand		
-Secured Loans		
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable.	95870.68	92632.23
-Unsecured Loans		
Loans and advances from related parties	0.00	0.00
Deposits	0.00	0.00
Other loans and advances	0.00	0.00
<b>TOTAL</b>	<b>95870.68</b>	<b>92632.23</b>
<b>NOTE NO. 18</b>		
<b>CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>		
For goods supplied		
- Micro small and medium enterprises	1109.49	3.84
- Others	144937.24	167654.49
<b>TOTAL</b>	<b>146046.73</b>	<b>167658.33</b>
For Expenses and Services	8291.87	27121.01
For Other Liabilities	26147.72	31385.61
<b>TOTAL</b>	<b>180486.32</b>	<b>226164.95</b>

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2019.

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

**AS PER ENCLOSURE:**
**Disclosure of dues/payments to micro and small 'enterprises to the extent such enterprises are identified by the company.**

(a) Principal amount remain unpaid on 31.03.2019.	1108.19	3.84
(b) Interest due thereon remaining unpaid on 31.03.2019.	1.30	0.00
(c) The amount of interest paid and principal paid beyond the appointed day during the year	0.00	0.00
(d) Amount of interest due and payable for delay in payments (which have been paid beyond the appointed day during the period) but without adding interest under the MSME Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2019.	0.00	0.00
(f) Amount of further Interest remaining due and payable even in succeeding years (until such interest dues are paid to small enterprises).	0.00	0.00

**MSME OUTSTANDING PAYMENT AS ON 31.03.2019**

₹ in Lakhs

Sl.No.	Name of the Supplier	Amount Due as on 31.03.2019
1	CCUBE SYSTEMS	65.12
2	COMPONENTS ZONE	0.22
3	ELECTRONIK TOOLING SOLUTIONS	49.80
4	EMST MARKETING PVT LTD,	0.75
5	FINAR LIMITED.	0.21
6	GLOBETEK	17.11
7	ISOCHEM LABORATORIES	0.19
8	M & K ENTERPRISES	0.70
9	MAGNUM NETWORKS SUPPORT PVT.LTD	13.07
10	MUNDHRA BROTHERS	0.55
11	NICE CHEMICALS PVT LTD	3.31
12	POWERMECH CONTROLS & SAFETY	0.09
13	PRINT CARE SOLUTIONS	0.02
14	QUEBEC PETROLEUM RESOURCES LTD.	0.32
15	SARU SMELTING PVT LTD	0.30



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

₹ in Lakhs

Sl.No.	Name of the Supplier	Amount Due as on 31.03.2019
16	SASTHA PACKAGE INDUSTRIES	1.14
17	SCR ELEKTRONIKS	0.17
18	SNR EDATAS PRIVATE LIMITED	406.59
19	SYSCO - TECH SYSTEMS(INDIA) PVT. LTD.	2.49
20	M/s.SAI MACHINE TOOLS PVT LTD, INDORE	21.00
21	M/s. URBAN SERVICES & SALES, ALLAHABAD	3.91
22	M/s. SPI ENGINEERS PVT. LTD., NEW DELHI	3.30
23	M/s. CIPL	119.20
24	M/s. MAHALASA	273.11
25	M/s. ARBUTUS TECHNOLOGIES	7.88
26	M/s. MICRON	36.82
27	M/s. TELEMART INDIA PVT. LTD	4.69
28	M/s. VIPROF ELECTRONICS	11.00
29	M/s. AVYAYA TECH	11.01
30	M/s. ASIN NAVIGATION INDIA PVT.LTD	0.22
31	M/s. ROOP TELSONIC ULTRASONIX LTD.	33.13
32	SHIVAM ELECTRICALS	11.14
33	ANAND TECHNOLOGY	5.73
34	BALAJI MOTORS	1.56
35	PRECICRAFT	2.77
36	HICCOTRONICS	0.86
<b>TOTAL</b>		<b>1,109.49</b>

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO.19</b>		
<b>CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	0.00	0.00
Unpaid matured deposits and interest accrued thereon	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	3581.91	5663.41
For Other Liabilities	26617.17	40857.78
Other payables	26829.50	20.59
Salary Payable	869.34	409.40
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1076.68	1083.29
Preference Shares*	30000.00	30000.00
Deposits from Contractors	4576.64	4167.06
Misc.Liabilities	19343.33	0.00
<b>TOTAL</b>	<b>113107.38</b>	<b>82414.33</b>

\*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Interest/Dividend has not been provided in the books of accounts.

### Preference Shares:

#### a) Authorised

70000000 Preference Shares of ₹100 each 70000.00 40000.00

#### 8.75% Cumulative Redeemable Preference Shares:

#### b) Issued

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each  
Redeemable at par in 5 equal instalment from March 2005 10000.00 10000.00

#### c) Subscribed and Fully Paid-up

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each  
Redeemable at par in 5 equal instalment from March 2005 10000.00 10000.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
d) Subscribed & not fully paid up	0.00	0.00
e) Calls un paid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
	<b><u>No. of shares held</u></b>	<b><u>No. of shares held</u></b>
Number of shares outstanding O.B	10000000	10000000
Add issues during the year	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	<b>10000000</b>	<b>10000000</b>
h) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
j) List of share holders holding more than 5% shares		
<b>Name</b>	<b><u>No. of shares held</u></b>	<b><u>No. of shares held</u></b>
1. Mahanagar Telephone Nigam Ltd.	10000000	10000000
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 8.75% Cumulative Preference Shares from 2002-03	14875.00	14000.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31 <sup>st</sup> March 2005 to 31 <sup>st</sup> March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	10000.00	10000.00
<b><u>7% Cumulative Redeemable Preference Shares:</u></b>		
<b>a) Issued</b>		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
b) Subscribed and Fully Paid-up		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
c) Subscribed & not fully paid up		
d) Par value per share(₹100)	0.00	0.00
e) Calls unpaid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
	<u>No. of shares held</u>	<u>No. of shares held</u>
Number of shares outstanding O.B	20000000	20000000
Add: issues during the year	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	<u>20000000</u>	<u>20000000</u>

h) The rights and preferences and restrictions attaching to the above class of shares

- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.

i) List of share holders holding more than 5% shares

Name	<u>No. of shares held</u>	<u>No. of shares held</u>
1. Bharat Sanchar Nigam Ltd.	20000000	20000000.00
j) During last 5 years:		
k) Aggregate number of shares allotted with out being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares bought back	0.00	0.00
a) On 7.00% Cumulative Preference Shares from 2003-04	22400.00	21000.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31 <sup>st</sup> March 2006 to 31 <sup>st</sup> March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	20000.00	20000.00

### NOTE NO. 20

#### CURRENT PROVISIONS

##### For Taxation

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

##### For Gratuity

As per Last Balance Sheet	8539.70	10850.25
Add: Provision for the year	1138.91	1989.45
Less: Transfer to gratuity trust	0.00	4300.00
Add: Transfer from gratuity trust	1708.67	4689.13
Add: Transfer from Corporate	0.00	0.00
Less: Payments	1708.67	4689.13
<b>Total</b>	<u>9678.61</u>	<u>8539.70</u>

##### For Privilege Leave

As per Last Balance Sheet	3288.35	3749.40
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(1735.83)	655.04
Less: Payments	919.23	1116.07
<b>Total</b>	<u>633.29</u>	<u>3288.36</u>

##### For Sick Leave

As per Last Balance Sheet	2.41	3.57
Add: Provision for the year	(0.36)	(1.17)
Less: Payments	0.00	0.00
<b>Total</b>	<u>2.05</u>	<u>2.40</u>

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>For L L T C provision</b>		
As per Last Balance Sheet	175.33	180.05
Add: Provision for the year	136.25	102.80
Less: Payments	16.86	107.52
<b>Total</b>	<b>294.72</b>	<b>175.33</b>
<b>GRAND TOTAL</b>	<b>10608.66</b>	<b>12005.80</b>

**NOTE NO. 21**
**OTHER CURRENT LIABILITIES**

Income received in advance	0.00	0.00
Duties & Taxes	4548.09	6364.92
Advances from Customers	54914.04	67864.30
<b>TOTAL</b>	<b>59462.13</b>	<b>74229.22</b>

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
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**NOTE NO. 22**
**REVENUE FROM OPERATIONS**

i) Sale of Products (Incl. Excise duty and net of sales tax & GST)		
Sale of Finished Goods	41861.31	67331.98
Sale of Traded Goods	33635.61	9565.65
<b>TOTAL</b>	<b>65506.47</b>	<b>76897.63</b>
ii) Sale of services	101310.67	66131.68
iii) Other Operating Revenues:		
a) Sale of Scrap	19.70	0.49
b) Income from DLRC Project	0.00	86.45
c) Non competing fee	0.00	0.00
d) Grant In Aid-Revenue	0.00	5300.00
<b>TOTAL</b>	<b>166836.84</b>	<b>148416.25</b>

 Effective 1<sup>st</sup> April 2018 the company has adopted IndAS 115 "Revenue from Contracts with Customers"

**Sales under broad heads :**

1. NPR	753.75	60.50
2. Electronic Switching Equipments	1102.07	318.13
3. MLLN	1629.57	12474.39
4. SIM Card	0.00	0.00
5. Transmission Equipment	16441.97	2298.22
6. Telephone	4971.24	1550.87
7. G-PoN	4314.07	31569.27
8. DWDM	0.00	0.00
9. Solar Panel	0.00	0.00
10. SWAN	0.00	0.00
11. APDRP	0.00	942.83
12. IT PRODUCTS	9375.02	8562.98
13. NGN	591.10	5643.96
14. NFS	3049.79	5592.83
15. ASCON	885.56	327.33
16. DEFENCE	0.00	0.00
17. Smart Energy meters	4703.52	2219.49
18. BBWT	0.00	0.00
19. HDPE Pipe	0.00	39.21
20. OFC	538.22	451.50
21. MAHANET	0.00	0.00
22. WIFI-HOTSPOT	27.90	0.00



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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
23. GUJNET	0.00	0.00
24. BNG	7044.10	0.00
25. DDOS	0.00	0.00
26. Others	10078.58	4846.14
<b>TOTAL</b>	<b>65506.47</b>	<b>76897.63</b>
<b>Service Income under broad heads :</b>		
1. AMC	12099.19	19549.23
2. SSTP	874.32	484.34
3. NPR	71.50	2820.38
4. SECC	0.00	6845.87
5. Data Center	1633.64	1540.76
6. IT	2131.85	1773.22
7. SWAN	0.00	132.79
8. GSM	2761.13	1593.83
9. NFS	21299.94	9039.18
10. G-PoN	0.00	6864.58
11. ASCON	0.00	0.00
12. DEFENCE	8524.45	8344.73
13. NGN	0.00	0.00
14. BBWT	0.00	0.00
15. MAHANET	39809.58	0.00
16. WIFI-HOTSPOT	0.00	0.00
17. GUJNET	1299.10	0.00
18. BNG	650.69	0.00
19. DDOS	0.00	0.00
20. MLLN	3.16	0.00
21. Others	10152.12	7142.76
<b>TOTAL</b>	<b>101310.67</b>	<b>66131.68</b>
<b>Earnings in Foreign Currency</b>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>NOTE NO. 23</b>		
<b>OTHER INCOME</b>		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	393.67	159.80
<b>Total</b>	<b>393.67</b>	<b>159.80</b>
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)		
i) Profit on Sale of Assets	0.00	0.00
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
ii) Commission	0.00	0.00
iii) Rent	1857.75	1572.28
iv) Lease Rent	40.48	0.00
v) Transport Charges	0.10	0.19
vi) Sale of Scrap	541.82	119.04
vii) Water Charges/Electricity Charges	5.30	8.89
viii) Forfeited Bank Guarantee	450.00	0.00
ix) Excess Provision Withdrawn	0.00	53.75
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	29851.75	11214.51
xii) Waiver of Liquidated Damages	2.24	0.00
xiii) Compensation for Srinagar Loss	0.00	1314.75

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
xiv) Waiver of Interest Charges	0.00	0.00
xv) Transfer from Revenue Grant-in-Aid	0.00	7998.00
xvi) Revenue Grant-in-Aid - VRS	0.00	286.60
xvii) Revenue Grant-in-Aid	62.49	93.74
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compansation for Acquisition of Land by BMRCL	0.00	9211.48
xx) Misc. Income	441.70	712.40
<b>TOTAL (i to xx)</b>	<b>33253.63</b>	<b>32585.63</b>
e) Adjustment to the carrying value of investments (write back)	0.00	0.00
f) Grants relating to Previous Years	0.00	0.00
g) Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	0.00
<b>G. TOTAL</b>	<b>33647.30</b>	<b>32745.43</b>

**NOTE NO. 24**
**CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES**

<b>Opening Stock</b>	<b>7198.38</b>	<b>8160.66</b>
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	30005.92	30231.46
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	<b>37204.30</b>	<b>38392.12</b>
Less:		
Closing Stock	8880.93	7198.38
Issue to Revenue and Others	165.21	(23.62)
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>9046.14</b>	<b>7174.77</b>
Add: Stores Indirect expenses relating to RM & Prodn. Stores	213.24	127.08
<b>CONSUMPTION</b>	<b>28371.40</b>	<b>31344.43</b>

**Rawmaterials consumed under broad heads**

particulars		
1. Electronic Goods & Components	28562.21	31204.71
2. MNIC	27.96	139.72
<b>TOTAL</b>	<b>28590.17</b>	<b>31344.43</b>
Value of Imports on CIF basis		
Raw Materials and Production Stores	7161.75	18940.10
Components and Spare Parts	0.00	0.09
Material in transit	0.00	3653.79
Capital Goods	3163.57	6521.79
<b>TOTAL</b>	<b>10325.32</b>	<b>29115.77</b>

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

Particulars	2018-19		2017-18	
	₹Lakhs	%	₹Lakhs	%
Imported	2220.55	7.77	15402.55	48.83
Indigenous	26369.62	92.23	16137.87	51.17
<b>Total</b>	<b>28590.17</b>	<b>100.00</b>	<b>31540.42</b>	<b>100.00</b>

**NOTE NO. 25**
**PURCHASE OF STOCK-IN-TRADE** 32164.00 23197.60

**Goods purchased under broad heads**
**Particulars**

1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
4. SOLAR	1551.28	222.74
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	102.51	0.00
8. ASCON	425.40	219.48
9. GSM	0.00	0.00
10. IT	9527.66	2878.40
11. APDRP	0.00	711.16
12. NGN	0.00	0.00
13. Smart Energy Meters	1932.00	0.00
14. Solar Panel	0.00	0.00
15. MAHANET	0.00	0.00
16. WIFI-HOTSPOT	0.00	0.00
17. GUJNET	422.82	0.00
18. BNG	5599.46	0.00
19. DDOS	0.00	0.00
20. Others	12602.87	19165.82
<b>TOTAL</b>	<b>32164.00</b>	<b>23197.60</b>

### NOTE NO. 26

#### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

##### Accretion/(Decretion) to WIP

##### WIP - Production :

Closing Balance	3718.23	3070.03
Less: Opening Balance	3070.03	4172.84
<b>TOTAL</b>	<b>648.20</b>	<b>(1102.81)</b>
Add: Write Off during the Year	31.34	31.34
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>679.54</b>	<b>(1071.47)</b>

##### WIP - Installation:

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

##### Accretion/(Decretion) to Manufacturing Components

Closing Balance	970.79	887.74
Less: Opening Balance	887.74	914.90
<b>TOTAL</b>	<b>83.05</b>	<b>(27.16)</b>
Add: Write Off during the Year	0.00	6.27
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>83.05</b>	<b>(20.89)</b>

##### WIP - Installation:

Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision/ effects of WIP	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Accretion/(Decretion) to Stock-in-Trade</b>		
<b>Stock-in-Trade :</b>		
Closing Balance	2172.71	1806.52
Less: Opening Balance	1806.52	1891.80
<b>TOTAL</b>	<b>366.19</b>	<b>(85.28)</b>
Add: Write Off during the Year	0.00	1.10
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>366.19</b>	<b>(84.18)</b>
<b>Stock of Scrap</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>1128.78</b>	<b>(1176.53)</b>

**NOTE NO. 27**
**EMPLOYEE BENEFIT EXPENSES**

i) SALARIES & WAGES		
Salaries & Wages	14961.16	15828.85
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>14961.16</b>	<b>15828.85</b>
Bonus	4.78	3.30
Wage revision arrear payments	0.27	0.00
Incentive	145.30	101.93
<b>TOTAL</b>	<b>15111.51</b>	<b>15934.08</b>
ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:		
Providend Fund & Pension Fund	1748.41	1812.10
Employees State Insurance	7.28	4.40
Gratuity Trust Fund	1138.91	1995.73
Leave Salary- PL	(454.84)	1007.88
Sick Leave	(25.72)	(50.81)
Deposit Linked Insurance/Group Insurance	17.28	18.23
<b>TOTAL</b>	<b>2431.31</b>	<b>4787.53</b>
iii) WORKMEN AND STAFF WELFARE EXPENSES		
Welfare Expenses - Canteen	267.46	285.34
Welfare Expenses - Education	36.00	44.91
Medical Expenses	435.98	485.16
LTC/LLTC	138.34	114.84
Uniforms	0.24	0.50
Others	169.73	154.61
<b>TOTAL</b>	<b>1047.74</b>	<b>1085.37</b>
iv) VOLUNTARY RETIREMENT SCHEME		
VRS Payments	0.00	286.60
v) Actuarial Gain/(Loss)		
	1831.69	456.77
<b>GRAND TOTAL</b>	<b>20422.25</b>	<b>22550.35</b>

**RELATED PARTY TRANSACTIONS**
**KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES**

Name	2018-19	2017-18
Shri Alagesan K -Director (Production) / Additional charge CMD	16.35	14.41
Shri Gopu-Ex CMD	11.38	14.03
Dr Janaki Ananthakrishnan-Ex Director (Finance)	0.00	18.26
Smt Malathy M CFO	13.22	7.43
Shri Rakesh Mohan Agarwal-Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director (HR)	12.72	0.00



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

₹ in Lakhs

### DISCLOSURE REPORT UNDER IND AS 19

#### Defined Benefit Plan

The Employees Gratuity Fund Scheme Managed by a Trust is a defined benefit Plan. The Present value of Obligation is determined based on Actuarial Valuation. The obligation for Leave encashment is recognized based on Actuarial Valuation which is unfunded.

#### I Summary of results

S.N	Assets / Liability	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a	Present value of obligation	20,525	20,521	8,619	9,890	65	90
b	Fair value of plan assets	10,847	11,981	--	--	--	--
c	Net assets / (liability) recognized in balance sheet as provision	-9,679	-8,540	-8,619	-9,890	-65	-90

#### II Actuarial & Demographic Assumptions

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Discounting Rate	7.32	7.31	7.32	7.31	7.32	7.31
b)	Future salary Increase	5.1	5.1	5.1	5.1	5.1	5.1
c)	Attrition at Ages	4.84	12.82	4.84	12.82	4.84	12.82

#### III Plan Liability

S.N	Date Ending	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present value of obligation as at the end of the period	20,525	20,521	8,619	9,890	65	90

#### IV Service Cost

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Current Service Cost	677	691	297	338	2	3
b)	Past Service Cost including curtailment Gains/Losses	--	1,053	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	677	1,744	297	338	2	3

#### V Net Interest Cost

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Interest Cost on Defined Benefit Obligation	1,500	1,534	723	647	7	10
b)	Interest Income on Plan Assets	876	779	--	--	--	--
c)	Net Interest Cost (Income)	624	755	723	647	7	10

#### VI Change in Benefit Obligation

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present value of obligation as at the beginning of the period	20,521	22,395	9,890	9,443	90	141
b)	Acquisition adjustment	--	--	0	0	0	0
c)	Interest Cost	1,500	1,534	723	647	7	10
d)	Service Cost	677	691	297	338	2	3
e)	Past Service Cost including curtailment Gains/Losses	--	1,053	--	--	--	--
f)	Benefits Paid	-1,709	-4,689	-925	-830	--	--
g)	Total Actuarial (Gain)/Loss on Obligation	-464	-464	-1,366	292	-35	-64
h)	Present value of obligation as at the End of the period	20,525	20,521	8,619	9,890	65	90

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

₹ in Lakhs

**VII Bifurcation of Actuarial Gain/Loss on Obligation**

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-858	-31	-378	-57	-3	-1
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-4	-129	-271	-79	-2	-1
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	398	-303	-716	427	-30	-63

**VIII Actuarial Gain/Loss on Plan Asset**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Expected Interest Income	876	779	--	--	--	--
b)	Actual Income on Plan Asset	843	1,000	--	--	--	--
c)	Actuarial gain/(loss) for the year on Asset	-32	221	--	--	--	--

**IX Balance Sheet and related analysis**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present Value of the obligation at end	20,525	20,521	8,619	9,890	65	90
b)	Fair value of plan assets	10,847	11,981	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-9,679	-8,540	-8,619	-9,890	-65	-90

**X The amounts recognized in the income statement.**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Total Service Cost	677	763	297	338	2	3
b)	Net Interest Cost	624	1,528	723	647	7	10
c)	Net actuarial (gain) / loss recognized in the period	0	0	-1,366	292	-35	-64
d)	Expense recognized in the Income Statement	1,301	2,290	-346	1,277	-26	-51

**XI Other Comprehensive Income (OCI)**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	464	464	--	--	--	--
c)	Actuarial gain/(loss) for the year on Asset	-32	221	--	--	--	--
d)	Unrecognized actuarial gain/(loss) for the year	431	685	--	--	--	--

**XII Change in plan assets**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Fair value of plan assets at the beginning of the period	11,981	11,370	--	--	--	--
b)	Difference in Opening	-269	175	--	--	--	--
c)	Actual return on plan assets	843	5,300	--	--	--	--
d)	Employer contribution	--	--	--	--	--	--
e)	Benefits paid	-1,709	-4,689	--	--	--	--
f)	Fair value of plan assets at the end of the period	10,847	11,981	--	--	--	--

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

₹ in Lakhs

### XIII Major categories of plan assets (as percentage of total plan assets)

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

### XIV Change in Net Defined Benefit Obligation

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Net defined benefit liability at the start of the period	8,540	11,025	9,890	9,443	90	141
b)	Acquisition adjustment	--	--	--	--	2	--
c)	Total Service Cost	677	1,744	297	338	3	3
d)	Net Interest cost (Income)	624	755	723	647	7	10
e)	Re-measurements	-431	-685	-1,366	292	-35	-64
f)	Contribution paid to the Fund	--	-4,300	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-925	-830	--	--
h)	Net defined benefit liability at the end of the period	9,679	8,540	8,619	9,890	65	90

### XV Bifurcation of PBO at the end of year in current and non current.

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Current liability (Amount due within one year)	1,306	6,701	633	3,288	2	2
b)	Non-Current liability (Amount due over one year)	19,219	13,820	7,986	6,602	63	88
	<b>Total PBO at the end of year</b>	<b>20,525</b>	<b>20,521</b>	<b>8,619</b>	<b>9,890</b>	<b>65</b>	<b>90</b>

### XVI Expected contribution for the next Annual reporting period

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Service Cost	734	585	314	369	7	22
b)	Net Interest Cost	708	624	631	647	5	7
c)	Expected Expense for the next annual reporting period	1,442	1,209	945	1,016	12	29

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

₹ in Lakhs

**XVII Sensitivity Analysis of the defined benefit obligation.**
**a) Impact of the change in discount rate**

		31-03-2019	31-03-2019	31-03-2019
S.N	Present Value of Obligation at the end of the period	20,525	8,619	65
a)	Impact due to increase of 0.50%	-354	-161	-1
b)	Impact due to decrease of 0.50 %	365	167	1

**b) Impact of the change in salary increase**

		31-03-2019	31-03-2019	31-03-2019
S.N	Present Value of Obligation at the end of the period	20,525	8,619	65
a)	Impact due to increase of 0.50%	351	169	1
b)	Impact due to decrease of 0.50 %	-349	-165	-1

**XVIII Maturity Profile of Defined Benefit Obligation**

		31-03-2019	31-03-2019	31-03-2019
S.N	Year	Amount	Amount	Amount
a)	0 to 1 Year	1,306	633	2
b)	1 to 2 Year	1,346	1,665	13
c)	2 to 3 Year	2,617	1,854	13
d)	3 to 4 Year	3,934	1,316	8
e)	4 to 5 Year	3,020	941	8
f)	5 to 6 Year	2,105	633	6
g)	6 Year onwards	6,196	1,576	13

**XIX Summary of results**
**Leave Travel Concession**

S.N	Assets / Liability	31-03-2019
a	Present value of obligation	295
b	Fair value of plan assets	--
c	Net assets / (liability) recognized in balance sheet as provision	-295

**XX Actuarial & Demographic Assumptions**

S.N	Particulars	31-03-2019
a	Discounting Rate	7.32
b	Future salary Increase	5.1
c	Attrition at Ages	4.84

**XXI Actuarial Value**

Present value of obligation as at the end of period (31/03/2019)	295
--	-----

**XXII Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013**

S.N	Particulars	31-03-2019
a)	Current liability (Amount due within one year)	29
b)	Non-Current liability (Amount due over one year)	266
c)	<b>Total PBO at the end of year</b>	<b>295</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE NO. 28</b>		
<b>FINANCE COSTS</b>		
i) Interest Expense:		
Cash Credit	10670.80	12474.48
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others*	(835.02)	1365.84
ii) Bank charges	743.55	1460.90
iii) Government Guarantee Fee	0.00	0.00
iv) Expenses on Issue of Bonds/Loans	0.00	0.00
v) NET GAIN/LOSS FROM FOREIGN CURRENCY TRANSLATIONS & TRANSACTIONS	67.79	39.91
<b>TOTAL</b>	<b>10647.11</b>	<b>15341.12</b>
*Others includes Interest on Delayed PF Payment and Interest Expenses are arrived after adjusting an amount of Rs.1356.20 lakhs being nominal interest at 1% provided till date on the Govt. of india loan which in the opinion of company no longer required.		
<b>NOTE NO. 29</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Fixed Assets	3703.09	2480.25
Tools and Gauges	6.07	5.25
<b>TOTAL</b>	<b>3709.16</b>	<b>2485.50</b>
Less: Transfer from Revaluation Reserve	0.00	0.00
<b>NET DEPRECIATION</b>	<b>3709.16</b>	<b>2485.50</b>
<b>NOTE NO. 30</b>		
<b>OTHER EXPENDITURE</b>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<b>MANUFACTURING EXPENSES:</b>		
Consumption of Stores and Spares	218.77	195.99
Power and Light	1370.67	1363.69
Water Charges	161.41	290.02
Excise Duty	0.00	901.60
<b>REPAIRS AND MAINTENANCE:</b>		
i) Plant Machinery and Equipment	131.84	191.89
ii) Vehicles	60.03	69.29
iii) Buildings	648.95	843.71
iv) Other Equipments	65.95	93.17
Cost and Expenses on Tools	0.10	1.78
Experimental Work and Training Expenses	52.89	59.25
Expenses on Minor Equipment & Work	7.93	33.62
Royalty	0.00	0.00
Scrap and Salvages	0.00	0.49
Factory Expenses	43.94	943.24
<b>TOT CHARGES:</b>		
i) Technical Assistance	4.65	0.00
ii) Technical Knowhow fee	0.00	1.32
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00
v) Others	0.00	0.00
	<b>4.65</b>	<b>1.32</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Liquidated Damages	938.04	1047.84
Demurrage Charges	1.25	4.49
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	0.00
<b>TOTAL MANUFACTURING EXPENSES</b>	<b>3706.40</b>	<b>6041.38</b>
<b>ADMINISTRATION EXPENSES:</b>		
Rent	175.70	162.87
Rates and Taxes	72.09	125.35
Insurance	22.89	26.49
<b>TRAVELLING EXPENSES</b>		
Inland	421.49	436.78
Foreign	7.29	3.24
Legal fees	117.88	50.73
Postage, Telegram, Telex Expenses	31.46	31.23
Telephone and Trunk Call Charges	71.70	71.44
Remuneration to Auditors		
Audit Fees	21.04	18.72
For Taxation Matters	0.21	0.36
For Company Law Matters	0.00	0.00
For Management Services	0.00	0.00
For Reimbursement of Expenses	0.58	0.95
For Other Services	5.60	0.53
CISF/ Private Security Expenses	942.50	824.33
Printing, Stationary and Duplicating Charges	88.14	60.44
Transport Expenses	393.25	465.15
News Papers, Magazines & Periodicals	21.01	11.21
Mechanised Accounting Expenses	2.97	1.06
Lease Charges	0.00	0.00
Licence fee/Segment Charges	1.70	42.56
Office Expenses	528.36	478.43
Provision for Obsolescence of RM Stores	0.00	0.00
Obsolete RM & Production Stores Write off	0.00	336.26
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	0.00	0.00
Bad Debts Write off	11669.82	0.00
Claims and Expenses Charge off	38.27	0.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED	0.00	0.00
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>14633.95</b>	<b>3148.13</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	7.78	0.03
Advertisement Expenses	20.72	23.35
Exhibition and Publicity Expenses	29.72	14.05
Packing Expenses	15.20	10.10
Forwarding Expenses	154.65	155.18
Discount Allowed	0.00	0.00
Warrenty Expenses	8.24	0.00
Sales Promotion Expenses	72.38	2.87
Entertainment Expenses	0.36	4.67

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Cost of Tender Forms	2.50	2.62
<b>TOTAL SELLING EXPENSES</b>	<b>311.57</b>	212.88
<b>TOTAL OTHER EXPENSES</b>	<b>18651.92</b>	9402.39

Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.

In case of back to back arrangements, Liquidated damages is accounted on net basis.

### Expenditure in Foreign Currency :

Royalty	0.00	0.00
Knowhow	0.00	0.00
Professional / Consultation Fees	0.00	0.00
Interest	0.00	0.00
Others	0.00	0.00
<b>Total</b>	<b>0.00</b>	0.00

### NOTE NO. 31

#### 1 Corporate information:

ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.

2 Execution and registration of sale deed for assets sold to DRDO for ₹2600 lacs during 2003-2004 is under process .

3 An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15423.32 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1076.68 lacs kept under Other Current Liabilities.

4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/ reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.

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

6 a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd., (ISL).

	2018-19	2017-18
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party		
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri Alagesan K -Director (Production) / Additional charge CMD	16.35	14.41
Shri Gopu-Ex CMD	11.38	14.03
Dr Janaki Ananthkrishnan-Ex Director (Finance)	0.00	18.26
Smt Malathy M CFO	13.22	7.43
Shri Rakesh Mohan Agarwal-Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director (HR)	12.72	0.00

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

₹ in Lakhs

Particulars	31-03-2019	31-03-2018
7 <u>Earnings Per Share (for continuing operation):</u>		
Profit after tax (including OCI)	11085.46	23513.20
(-) Preference Dividend	2275.00	2275.00
Dividend tax	463.14	463.14
Profit available to equity shareholders	8347.32	20775.06
No. of Shares at beginning of the year	760000000	560000000
No. of Shares at the end of the year	897000000	760000000
Weighted average number of shares during the period	879875000	643333333
Earning per equity share (for continuing operation):	0.95	3.23
Basic & Diluted( in ₹ )		
8 Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indian Accounting Standard (Ind AS)-12 "Income Taxes"		
9 <u>JOINT VENTURES:</u>		
The financial reporting of interests in Joint Ventures as per Ind AS 28:		
(a) India Satcom Limited		
No.2, Kadugodi Industrial Area, Whitefield, Bengaluru - 560 067		
Company's stake in equity participation	49%	49%
Place of incorporation of JV-India		
Banks filed a recovery suit application u/s 19 of the recovery of debts from ISL Limited , due to banks and financial institutions Act 1993, In Debt Recovery Tribunal, Bangalore (OA No 1079/2011). The DRT has since passed the Final Order dated 31.05.2018 and directed SBI offer OTS sanction letter to the company. However SBI has offered the OTS under SBI OTS scheme 2018. ISL Limited has availed during the year OTS under SBI OTS Scheme 2018 (Ref:DGM\SAMB\CLO-4\SGM-697 dt.27.09.2018). Accordingly the company paid the OTS amount towards extinguishment of the entire loan of SBI and SBI has issued no dues certificate (Ref:DGM\SAMB\CLO-4\SGM\1251 dt. 26.03.2019). Futher the company is negotiating with Tamilnad Mercantile Bank Ltd. for similar OTS settlement.		
10 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	0.00
Commitments in respect of other contracts not provided for-	0.00	0.00
11 a) Contingent Liability in respect of		
- Outstanding letters of credit & guarantees	109276.47	73623.18
- Sales Tax demand /Service Tax/Income Tax	15002.89	15272.06
- Non receipt of C/D forms	28118.39	30329.44
- Excise Duty Demand/CENVAT Disallowance	2334.06	2569.71
- ESI demand	0.00	0
- Demand of interest & penalty by KVAT	226.04	226.04
- Claims against the Company not acknowledged as debts	5027.31	5052.46
b) Pending litigations:-		
(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.		
(ii) Vendors have filed the case against the company involving total amount ₹272.21 lakhs and the case is pending before various forums.		
(iii) Disputed statutory liabilities of ₹18161.78 lakhs.		
(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.		
(v) Bruhat Bengaluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.		
Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.		
12 Write-back of liabilities of earlier years amounting to ₹299 Crores comprises Palakkad unit ₹25 crores, Naini unit ₹9 crores, NS unit ₹2 crores, RBL unit ₹2 crores Mankapur unit ₹66 crores, Bangalore plant unit ₹129 crores and ROs ₹66 crores . Also company has written off sundry debtors valuing ₹117 crores, mainly consisting of Bangalore plant ₹50 crores, NS unit ₹6 crores, Naini unit ₹4 crores and RO Mumbai ₹57 crores.		



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

₹ in Lakhs

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

Particulars	2018-19	%	2017-18	%
Imported	2220.55	7.77	15402.55	48.83
Indigenous	26369.62	92.23	16137.87	51.17
Total	28590.17	100.00	31540.42	100.00

- 14 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.
- 15 The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 crores received as share capital in financial year 2016-17. During the year 2017-18 ₹337 crores has been received towards Capital Grant in Aid, out of this ₹200 crores allotted during 2017-18 and balance ₹137 crores during 2018-19. The Company also received Rs.55 crores which is lying in share application money for pending allotment. The company has received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transferred to units/Ros for meeting the expenditure during 2016-17 and the balance ₹308.18 lakhs has been transferred during FY 2018-19. During FY 2018-19 the company has not paid VRS expenditure, the balance amount is lying in the account.
- 16 Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.
- 17 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹146 lakhs, which is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land aggregating ₹5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting entries will be booked for recognising the profit on sale of land.
- 18 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.
- 19 Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.
- 20 Land Measuring 77 Acres valuing ₹194.70 Crores (Market value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.
- 21 Value of Imports on CIF basis
- |                                     |  |                 |          |
|-------------------------------------|--|-----------------|----------|
| Raw Materials and Production Stores |  | <b>7894.78</b>  | 18940.10 |
| Components and Spare Parts          |  | <b>0.00</b>     | 0.09     |
| Material in transit                 |  | <b>0.00</b>     | 3653.79  |
| Capital Goods                       |  | <b>3163.57</b>  | 6521.79  |
| <b>TOTAL</b>                        |  | <b>11058.35</b> | 29115.77 |
- 22 Rent from C-DoT, Government of India aggregating ₹5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹8179.92 lakhs for the financial years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 & 2018-19 on accrual basis is deferred, which is in conformity with Ind AS-18.
- 23 Liquidated Damages (LD) of Rs 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.
- 24 Performance Indicators - Ratios
- |   |       |        |        |
|---|-------|--------|--------|
| - Sales to Total Assets   | Times | 0.27   | 0.24   |
| Sales incl. ED and excluding GST/ Total Assets<br>(Net Fixed Assets + Investments + Gross Current Assets) |       |        |        |
| - Operating Profit to Capital employed  | [%]   | 0.05   | 0.17   |
| Profit before tax / (Share holders' funds + Loan funds)   |       |        |        |
| - Return on Net Worth   | [%]   | (0.17) | (0.14) |
| (Profit after tax / Share holders' funds)   |       |        |        |
| - Profit to Sales   | [%]   | 0.07   | 0.03   |
| (Profit before tax to sales incl. ED, Service Tax & GST)  |       |        |        |

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

₹ in Lakhs

Particulars	31-03-2019	31-03-2018
-------------	------------	------------

- 25 Effective 1<sup>st</sup> April 2018 the company has adopted IndAS 115 " Revenue from Contracts with Customers"
- 26 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.
- 27 Figures in brackets indicated in the Accounts reflect negative balances.

As per our report of even date

**For M/S Sankaran & Krishnan**

Chartered Accountants

Firm Reg No.: 003582S

For &amp; On Behalf of Board of Directors

**S Chandran**

Partner, M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director - Production/Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019

**32 Related Party Disclosures**
**a. Associate/Joint Venture**

Name of the entity	Place of Business	Ownership interest held by the company		Ownership interest held by the non controlling interests		Principal Activities
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	
INDIA SATCOM LIMITED	India	49.00%	49.00%	51.00%	51.00%	VSAT Manufacturing & Servicing

**b. Details of Remuneration to Directors/Key Management Personnel's Details**

Name of Directors/Key Management Personnel's	2018-19	2017-18
Shri Gopu-Ex CMD	38.51	14.03
Shri Alagesan K Director-Production/Addl. Charge CMD	16.35	14.41
Shri Rakesh Mohan Agarwal Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director HR	12.72	0.00
Shri Saday Krishna Kanoria-Independent Director	0.58	0.00
Smt Asha Kumari Jaswal- Independent Director	0.58	0.00
Shri Rajen Vidyarthi- Independent Director	0.48	0.00
Shri Suresh Chandra Panda- Independent Director	0.31	0.00
Shri Mayank Gupta- Independent Director	0.23	0.00
Dr Akhilesh Dube-Independent Director	0.28	0.00
Dr K R Shanmugam- Independent Director	0.25	0.00
Smt Malathy M CFO	13.22	7.43
Smt S Shanmuga Priya-Co Secretary	9.5	7.73

\*\* Part of the year

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

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) : -

Particulars	Associate/ Joint Venture
Name of Joint Venture Company	INDIA SATCOM LIMITED
Purchase of Goods	Nil
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2019	
Trade Payables Outstanding as on 31.03.2019	
Trade Receivables Outstanding as on 31.03.2019	
Investment in Equity as on 31.03.2019	₹40.55 lakhs
Advances for Purchase Outstanding as on 31.03.2019	Nil

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances(other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note h below.

h. Loans to Related Parties

Nil

i. Management Contracts including deputation of Employees:-

Nil

j. Transaction with Government and Government Related Entities :-

As ITI is a government entity under the control of Ministry of Telecommunications (MoT), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions : -

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

In addition to the above, around 83.73% of the Company's Turnover, around 96.09% of Trade Receivables and around 99.95% of Customer's Advance is with respect to government and government related entities.

## CAPITAL EXPENDITURE ON AMENITIES 2018-19

₹ in Crore

PARTICULARS	GROSS BLOCK AT COST					DEPRECIATION					NET BLOCK	
	AS AT '31-03-2018	ADDITIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST MENTS	AS AT 31-03-2019	UPTO 31-03-2018	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST MENTS	UPTO 31-03-2019	AS AT 31-03-2019	AS AT 31-03-2018
	1	2	3	4	5= 1+2-3-4	6	7	8	9	10= 6+7-8-9	11= 5-10	12
TOWNSHIP	1103.65	0.02	0.00	0.00	1103.67	106.46	1.23	0.00	0.00	107.69	<b>995.98</b>	<b>997.19</b>
TRANSPORT	6.88	0.12	0.00	0.00	7.00	5.95	0.13	0.00	0.00	6.08	<b>0.92</b>	<b>0.93</b>
MEDICAL	7.77	0.00	0.00	0.00	7.77	3.51	0.03	0.00	0.00	3.54	<b>4.23</b>	<b>4.26</b>
CANTEEN	6.45	0.00	0.00	0.00	6.45	3.34	0.04	0.00	0.00	3.38	<b>3.07</b>	<b>3.11</b>
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.42	0.00	0.00	0.00	13.42	5.87	0.08	0.00	0.00	5.95	<b>7.47</b>	<b>7.55</b>
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05	0.03	0.00	0.00	0.00	0.03	<b>0.02</b>	<b>0.02</b>
<b>TOTAL</b>	<b>1138.22</b>	<b>0.14</b>	<b>0.00</b>	<b>0.00</b>	<b>1138.36</b>	<b>125.16</b>	<b>1.51</b>	<b>0.00</b>	<b>0.00</b>	<b>126.67</b>	<b>1011.69</b>	<b>1013.06</b>

## REVENUE EXPENDITURE ON AMENITIES 2018-19

₹ in Crore

PARTICULARS	TOWNSHIP	TRANSPORT	MEDICAL	CANTEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETABLES FARMS, PARKS ETC.	2018-19	2017-18
Pay and Allowances	5.46	1.20	2.91	1.23	0.25	0.19	<b>11.24</b>	8.85
Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>	0.00
Grants	0.00	0.00	0.00	0.00	0.52	0.00	<b>0.52</b>	1.84
Supplies and Other Services	0.01	1.20	4.57	2.91	0.13	0.12	<b>8.94</b>	8.62
Power, light & water	3.41	0.11	0.09	0.15	0.05	0.03	<b>3.84</b>	4.31
Transport Charges	0.13	0.68	0.00	0.00	0.00	0.00	<b>0.81</b>	0.73
Rent, Rates, Taxes and Insurance	1.01	0.02	0.00	0.02	0.00	0.00	<b>1.05</b>	1.33
Maintenance and repairs	0.62	0.39	0.19	0.11	0.06	0.28	<b>1.65</b>	1.51
Depreciation - Buildings	0.55	0.01	0.03	0.10	0.08	0.00	<b>0.77</b>	0.53
Depreciation-Plant, Machinery, Equipment & Vehicles	0.63	0.06	0.00	0.00	0.00	0.00	<b>0.69</b>	0.75
General Overheads	0.01	0.02	0.02	0.02	0.00	0.00	<b>0.07</b>	0.08
	<b>11.83</b>	<b>3.69</b>	<b>7.81</b>	<b>4.54</b>	<b>1.09</b>	<b>0.62</b>	<b>29.58</b>	<b>28.55</b>
<b>LESS :</b>								
Recoveries/adjustments Rent	18.52	0.00	0.00	0.00	0.00	0.00	<b>18.52</b>	15.72
Power, Light & Water	1.22	0.00	0.00	0.00	0.00	0.00	<b>1.22</b>	1.38
Transport Charges	0.00	0.08	0.00	0.00	0.00	0.00	<b>0.08</b>	0.08
Capitation & other Recoveries	0.00	0.00	0.15	0.00	0.00	0.00	<b>0.15</b>	0.14
Sales proceeds	0.00	0.00	0.00	0.20	0.00	0.00	<b>0.20</b>	0.19
Indirect expenses	0.00	0.00	0.00	0.28	0.00	0.00	<b>0.28</b>	0.20
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>	0.00
	<b>19.74</b>	<b>0.08</b>	<b>0.15</b>	<b>0.48</b>	<b>0.00</b>	<b>0.00</b>	<b>20.45</b>	<b>17.71</b>
Net Expenditure	-7.91	3.61	7.66	4.06	1.09	0.62	<b>9.13</b>	10.84
Interest on Capital outlay notional	0.29	0.37	0.20	0.18	0.07	0.00	<b>1.11</b>	1.11
<b>TOTAL EXPENDITURE</b>	<b>-7.62</b>	<b>3.98</b>	<b>7.86</b>	<b>4.24</b>	<b>1.16</b>	<b>0.62</b>	<b>10.24</b>	<b>11.95</b>
<b>Previous Year</b>	<b>-5.89</b>	<b>3.73</b>	<b>7.03</b>	<b>4.14</b>	<b>2.31</b>	<b>0.63</b>	<b>11.95</b>	<b>11.95</b>



## Revised Independent Auditor's Report

### TO THE MEMBERS OF ITI LIMITED

#### Revised Report on the Audit of the Standalone Financial Statements

On completion of audit of accounts of ITI Limited ("the Company") for the year 2018-19, we had rendered our audit report dated 29th May 2019. Subsequent to our report, in light of the observations arising from the audit by office of the Principal Director of Audit, Post & Telecommunications the Comptroller & Audit General of India, vide letter Rep.FA/F208/208-19/425 dated 1st October 2019. with respect to the reliance placed by us on unaudited financial statements of Regional Offices of the company as reported under para (b) of "Other matters" of our audit report dated 29th May 2019, the said report has been revised. This supersedes our previous independent audit report dated 29th May 2019. This amendment has no impact on the reported figure in the financial statements. Consequent to amendment of para (b) of Other Matters, our report has been revised and placed at the Board Meeting of the company held on 11th October 2019.

#### Opinion

We have audited the accompanying standalone financial statements of ITI Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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, 2019, 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

- a) 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 (BMTCL) to an extent of the 12.15 acres proposed to be leased out to BMTCL is already in the possession of BMTCL, further based on the information furnished to us, BMTCL additionally occupies 1.85 acres, has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTCL under an agreement to sell is held under deposits (Refer Note 31.16.);
- b) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTCL) (to an extent of the 5 acres proposed to be leased out to KPTCL is already in the possession of KPTCL), has not been recognised as income pending finalisation of lease agreement. (Refer Note No.31.18)

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

##### Qualifications quantifiable

- a) 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 31.03.2011 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

We draw the attention to the following matters in the Notes to the financial statements :

- i) The profit for the year has been arrived at after making adjustments for the following items -'
  - a. Other Income of Rs 33647.30 lacs for the year includes Rs 29851.75 lacs representing the Write back of liabilities of earlier years. ( Refer Note. 23)
  - b. Rs 1622 lacs being GST collected in a contract remained unpaid as on 31st March 2019 in a back to back contract.
  - c. Finance Costs of Rs 10647.11 lacs are after adjusting an amount of Rs 1356.20 lacs being nominal interest at 1% provided on the Govt of India . loan of Rs 30000 lacs, which in the opinion of the company is no longer required. ( Refer Note.28)
  - d. Revenue from operations of Rs 166836.84 lacs includes Rs 44504.74 lacs representing "Unbilled Revenue" recognised on the basis of percentage of completion of certain contracts. (Refer Note. 22)
- ii) 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)
- iii) 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);
- iv) 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);
- v) 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)
- vi) Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- vii) 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
	<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><b><u>Principal Audit Procedures</u></b>            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.</p> <p>-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</p> <p>-Compared these performance obligations with that identified and recorded by the Company.</p> <p>-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.</p> <p>-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.</p> <p>-Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</p>
	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments. The Company has Trade receivable (Note No 7.) of Rs. 265740 lakhs and Loan &amp; Advances balances (Note No. 9.) of Rs 77669.39 lakhs and Deposit with Government departments, taxes and duties of Rs 6738.02 lacs (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><b><u>Principal Audit Procedures</u></b>            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 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 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;            -Tested subsequent settlement of trade and receivables after the balance sheet date on a sample basis, if any.            -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>
	<p>Disputes and potential litigations: (Refer to Note 31.11) in the standalone financial statements :-            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

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 487336.84 Lakhs as at March 31, 2019, total revenues of Rs.55157.12 Lakhs and Profit after tax of Rs.2964.96 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. Out of the 8 Regional Offices, we have audited the financial statements of Regional Offices located at Bangalore and Chennai, whose financial statements reflect total assets of Rs 32345.95 Lakhs as at March 31, 2019, total revenues of Rs 11986.82 Lakhs and Profit after tax of Rs 1147.77 Lakhs for the year ended on that date. With respect to remaining 6 Regional Offices, whose financial statements reflect total assets of Rs 40722.67 Lakhs as at March 31, 2019, total revenues of Rs 31925.52 Lakhs and Profit after tax of Rs 1682.93 Lakhs for the year ended on that date, we have relied on the financial statements certified by the Management and furnished to us. Based on the information and explanations provided by the management we are of the opinion the assurance level of the reliability and accuracy of the financial statements of the 6 Regional Offices certified by the managements is reliable.
- 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, 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Registration No: 003582S

**S.CHANDRAN**  
Partner  
Membership No: 8646

Place : New Delhi  
Date : 11<sup>th</sup> October, 2019



## **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”)**

We have audited the internal financial controls over financial reporting of ITI LIMITED (“the Company”) as of March 31, 2019 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, 2019, 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 Registration No: 003582S

### **S.CHANDRAN**

Partner  
Membership No: 8646

Place : New Delhi  
Date : 11<sup>th</sup> October, 2019



## 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 2019, we report that:

- i)
- a) The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information.
- b) 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)
- i) 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)
- i) 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)
- i) 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)
- i) 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)
- i) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete
- vii)
- (a) According to the information and explanations given to us and the records of the company examined by us and on the basis of Report of the Other Auditors, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, 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 24371 lakhs pending as arrears pertaining to Provident Fund in the books of the company. Further a sum of Rs 57.13 lacs being arrears towards UP Trade Tax, which are not disputed and are outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the Report of the Other Auditors, statutory dues that have not been deposited with the appropriate authorities on account of any dispute are as follows:

Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
1.	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs.200.00 lakhs)	637.00	2003-2005	Custom Excise & Service Tax Appellate Tribunal
2.	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail. Stay extended ( net of pre deposit Rs.30.00 lakhs)	299.00	2006-2007	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 lakhs)	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.	Central Excise Act 1944	110%/115% demanded on transfer of purchased items to sister units	108.28	2007-2008	Custom Excise & Service Tax Appellate Tribunal
6.	UP VAT	Sales Tax	264.89	1986-1989	UP Government
7.	UP VAT	Sales Tax	15.32	1989-1996	UP Government
8.	Income Tax Act, 1961	Penalty/Additional fees For TDS	4.91	2008-2011	CPC (TDS)
9.	Finance Act, 1994	Service Tax	8435.14	2009-2010 to 2013-2014	Tribunal Allahabad
10.	Finance Act, 1994	Service Tax	1992.19	2009-10 to 2013-2014	Tribunal c

Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
11.	Central Sales Tax, 1956	Dem109109 and of Additional Tax against Form C	1013.98	2005-2006	Addl Commissioner, Appeals Commercial Tax, Allahabad
12.	Central Sales Tax, 1956	Demand of Additional Tax against Form C	2.64	2007-2008	Dy. Commissioner sector 14, Commercial Tax, Allahabad
13.	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-2009	Addl Commissioner, Appeals Commercial Tax, Allahabad
14.	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	7.48	2009-2010	Joint Commissioner, Commercial Tax, Allahabad
15.	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	60.57	2010-2011	Dy. Commissioner sector 14, Commercial Tax, Allahabad
16.	Central Sales Tax, 1956	Remand Order against appeal granted	10.96	2011-2012	Addl Commissioner, Appeals Commercial Tax, Allahabad
17.	Central Sales Tax, 1956	Remand Order against appeal granted	96.17	2012-2013	Dy. Commissioner sector 14, Commercial Tax, Allahabad
18.	Central Sales Tax, 1956 UP – VAT	Demand of Tax	86.75	2013-2014	Addl Commissioner( Appeals), Commercial Tax, Allahabad
19.	CST	Sales Tax	28.04	2001-2002	High Court, Eranakulam
20.	CST	Sales Tax	24.61	2005-2006	High Court, Eranakulam
21.	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
22.	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad
23.	CST	Sales Tax	504.13	2003-2004	KVAT – Appeal
24.	CST	Sales Tax	111.20	2013-2014	DC- Appeal
25.	CST	Sales Tax	13.25	2014-2015	DC- Appeal
26.	CST	Sales Tax	13.56	2015-2016	DC- Appeal
27.	CST	Sales Tax	250.00	2016-2017	DC- Appeal
28.	CST	Sales Tax	26.27	2017-2018	DC- Appeal
29.	VAT	Sales Tax	84.09	2012-2013	DC- Appeal
30.	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
31.	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
32.	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut
33.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
34.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
35.	Sales Tax Act	Sales Tax	504.23	2000-2001 2001-2002 2003-2004 2005-2006	Trade Tax Tribunal, Lucknow
36.	Sales Tax & Entry Tax Act	Sales Tax	228.71	1998-1999 2000-2005 2006-2009	Additional Commissioner (TradeTax) Lucknow

Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
37.	Sales Tax Act	Sales Tax	0.93	2000-2001	Dy. Commissioner (Trade Tax) RBL
38.	Sales Tax	Sales Tax	195.64	2009-2013	Additional Commissioner (TradeTax ) Lucknow
39.	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	824.83	2008-2009 to 2017-2018	High Court of Karnataka
40.	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-2014	Commercial Tax Officer, Thirpunitihura
41.	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-2015	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
42.	Service Tax	Non payment of Service Tax on Royalty payments received	44.78	2012-2013 to 2014-2015	Commissioner of Central Excise
43.	KVAT	Turnover suppression	65.87	2012-2013	Dy Commr( Appeals) -Commercial Tax, Ernakulam
44.	Sales Tax	Sales Tax	733.36	1987-1988 to 1989-1990, 1996-1997, 1999-00, 2002-2003	High Court, J & K
		<b>Total</b>	<b>18161.78</b>		

- viii) According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or Government.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No.G S R 463(E) dated June 05, 2015.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv) The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For Sankaran & Krishnan**  
Chartered Accountants  
Firm Registration No: 003582S

**S.CHANDRAN**  
Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## 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 2018-19.**

Sl. 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 2018-19, 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 5500 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 25.16 Crore has been utilised for CAPEX, Rs 24.81 Crore was utilised towards working capital purposes and the balance Rs 5.03 Crore is yet to be utilised.

**For Sankaran & Krishnan**  
Chartered Accountants  
Firm Registration No: 003582S

**S.Chandran**  
Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## Compliance Certificate

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2019 in accordance with the directions / sub – directions issued by the C & AG of India under Section 139 of the Companies Act, 2013 and certify that we have complied with all the directions / sub – directions issued to us.

**For Sankaran & Krishnan**  
Chartered Accountants  
Firm Registration No: 003582S

**S.Chandran**  
Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019



# Consolidated Financial Statements

## SIGNIFICANT ACCOUNTING POLICIES

### Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareilly Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

#### 1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

#### Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value:

- a. Derivative financial instruments, if any
- b. Financial assets and liabilities that are qualified to be measured at fair value
- c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

#### 2) Use of Estimates

The preparation of the financial statements in conformity with the Ind AS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

#### 3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

#### 4) Revenue Recognition

##### a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

##### b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

##### c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

##### d. Bill and Hold Sales

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- i. it is probable that delivery will be made;
- ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;
- iii. the buyer specifically acknowledges the deferred delivery instructions; the usual payment terms apply

##### e. Construction contracts

Contract revenue includes initial amount agreed in the contract and any variations in the contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

##### f. Price escalations

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

Where break up prices of sub units sold are not provided for, the same are estimated.

##### g. Bundled contracts

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies recognition criteria to separately identifiable components (sale of goods, installation, commissioning, etc.) of the transaction and allocates revenue to those separate components based on their relative fair value.

##### h. Multiple elements

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction, allocates the revenue to those separate components based on the contract.

##### i. Sales exclude Sales Tax / Value Added Tax (VAT)/Goods and Service Tax (GST)/Service Tax.

Export Sales are treated as sales on issue of Bill of Lading Provision is made separately for likely disallowance by customers including Liquidated Damages for contracts executed during the year.

**j. Supply of services**

Revenue from annual maintenance contracts relating to the year is recognised when the contracts are entered into on time proportion basis. Revenue is recognized at the time of rendering services.

For other fixed-price contracts (including sale of software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

**k. Interest income**

Interest income is recognized using the effective interest rate method.

**l. Dividend**

Dividend income is recognised when the Company's right to receive dividend is established

**m. Rental income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

**n. Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

**o. Other Income**

Other Income not specifically stated above is recognised on accrual basis.

**5) Property, plant and equipment, Capital Work-in progress**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

**Capital work-in-progress**

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

In the event of revaluation of entire class of PPE, if the revalued amount is greater than the carrying amount of the PPE, such difference is taken to the Revaluation Reserve. If the revalued amount is lower than the carrying amount of the PPE and if the class of PPE has already been revalued, difference is set off against the amount available under the Revaluation Reserve for the same class of PPE and excess thereof, life any, is charged to the statement of Profit and Loss.

**6) Intangible Assets, Intangible Asset under Development**

- a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development"
- b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

- c. Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

- d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

**7) Research and development expenses:**

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

**8) Impairment of Non-financial assets**

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

**9) Depreciation /Amortisation**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

- a. Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15<sup>th</sup> day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15<sup>th</sup> of the month.
- b. In respect of assets sold, discarded, damaged or destroyed on or before 15<sup>th</sup> day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15<sup>th</sup> of the month depreciation is reckoned in full for the month of deletion.
- c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.
- d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Amortization**

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

**Disposal of property, plant and equipment**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars		(Years)
A.	(a) Building (other than factory buildings)	60
	(b) Factory building	30
	(c) Purely temporary erections	3
	(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B.	Furniture & Fittings	10
C.	Plant & Machinery	
	(a) General Rate (on double shift basis)	15
	(b) Special Rate: - Servers & Networks	6
	(c) Data Processing Machines including Computers	3
D.	Roads and compound Walls	10
E.	Office Machinery and Equipment	5
F.	Vehicles	8
G.	Assets costing less than ₹5,000/- are depreciated @ 100%	
However, in respect of assets having original cost of ₹50,000/- and above, a residual balance of ₹5/- has been retained in the books.		

### 10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

#### Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance general inflation or are otherwise justified

#### Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is recognised in the Statement of Profit and Loss.

### 11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

### 13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

### 14) Inventories

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

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

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

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

### 15) Work-in-process

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

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

### 16) Tools and Gauges

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

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

### 17) Financial assets (Trade Receivables & Other receivables)

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

### 18) Errors and Estimates

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied prospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

### 19) Income taxes

Income tax comprises of current and deferred income tax

#### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

#### Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.



Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

#### 20) Warranty Liability

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

#### 21) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

#### 22) Employee benefits

- a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b. Post-employment benefit viz. gratuity and other long-term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services. Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.
- c. Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.
- d. Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.

#### 23) Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed in the notes.

#### Onerous Contracts

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

#### 24) Fair value measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### 25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

#### 26) Financial Instruments

##### a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

##### b. Subsequent measurement

c. For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost,
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI),
- iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),
- iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

#### Derecognition

A financial asset or part of a financial asset is derecognised when • The rights to receive cash flows from the asset has expired

#### Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

#### 27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### 28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three



months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

**29) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. In case of dues outstanding for a significant period of time, on a case to case basis

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

**30) Financial Liabilities**

**a. Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

**b. Subsequent measurement**

Measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss.
- ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**c. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**d. Trade and other payables**

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**31) Reclassification of Financial Instruments**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

**32) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**33) Cash dividend and non-cash distribution to equity shareholders**

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company.

**34) Earnings per share**

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

**35) Events after the reporting period**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

**36) New standards and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2019 and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

**37) Consolidation**

ITI has invested in 49% of Equity Share Capital of its Joint Venture "India Satcom Limited" for the cost of ₹40.55lakhs.

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".

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

**S Chandran**  
 Partner  
 M. No. 8646

**S. SHANMUGA PRIYA**  
 Company Secretary

**MALATHY M**  
 Chief Financial Officer

**For & On Behalf of Board of Directors**

**ALAGESAN K**  
 Director – Production /Addl. Charge CMD

Place : Bengaluru  
 Date : 29.05.2019

## Consolidated Balance Sheet as at 31.03.2019

₹ in Lakhs

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant & Equipment	1	262695.98	258408.35
(b) Capital work-in-progress	2	16484.62	14929.08
(c) Investment Property	3	6756.36	3559.20
(d) Goodwill		0.00	0.00
(e) Intangible assets		0.00	0.00
(f) Intangible assets under development		0.00	0.00
(g) Biological Assets other than bearer plants		0.00	0.00
(h) Financial Assets			
(i) Investments	4	3976.12	3767.37
(ii) Trade receivables	4(a)	120.55	588.02
(iii) Loans	5	16.60	17.67
(iv) Others		0.00	0.00
(i) Deferred Tax Assets (net)		0.00	0.00
(j) Other non current assets		0.00	0.00
		<b>290050.23</b>	<b>281269.69</b>
<b>(2) Current assets</b>			
(a) Inventories	6	14875.62	15589.59
(b) Financial Assets			
(i) Investments		0.00	0.00
(ii) Trade receivables	7	265740.05	307993.60
(iii) Cash and cash equivalents	8	2670.13	4126.10
(iv) Bank Balances other than (iii) above	8(a)	17682.76	28348.75
(v) Loans	9	47051.33	38547.51
(vi) Unbilled Revenue	9(a)	55024.88	23724.08
(vii) Others		0.00	0.00
(c) Current Tax Assets (Net)		0.00	0.00
(d) Other current assets	10	6738.02	4882.50
<b>TOTAL</b>		<b>699833.03</b>	<b>704481.81</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	89700.00	76000.00
(b) Other Equity	12	93605.13	90510.91
<b>Liabilities</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Government Grants Unutilised	13	11846.46	11908.93
(b) Financial Liabilities			
(i) Borrowings	14	30000.00	30000.00
(ii) Trade Payables		0.00	0.00
(iii) Others	15	7033.42	1815.00
(c) Provisions	16	8112.86	6800.44
(d) Deferred Tax Liabilities (Net)		0.00	0.00
(e) Other Non-Current Liabilities		0.00	0.00
		<b>56992.74</b>	<b>50524.36</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	95870.68	92632.23
(ii) Trade payables	18	180486.32	226164.95
(iii) Others	19	113107.38	82414.33
(b) Provisions	20	10608.66	12005.80
(c) Current Tax Liabilities (Net)		0.00	0.00
(d) Other current liabilities	21	59462.13	74229.22
<b>TOTAL</b>		<b>699833.03</b>	<b>704481.81</b>

**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

**For & On Behalf of Board of Directors**

**S Chandran**  
 Partner  
 M. No. 8646

**S. SHANMUGA PRIYA**  
 Company Secretary

**MALATHY M**  
 Chief Financial Officer

**ALAGESAN K**  
 Director – Production /Addl. Charge CMD

Place : Bengaluru  
 Date : 29.05.2019

## Statement Of Consolidated Changes In Equity

### A. Equity Share Capital

₹In Lakhs

Particulars	Amount
Balance as at 01.04.2018	76000
Changes during the Year	13700
Balance as at 31.03.2019	89700

### B. Other Equity

₹In Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
Balance as at 01.04.2018	13,700.00	2,74,897.30	29.61	-4,41,813.21	2,33,907.98	9,789.24	90,510.91
Profit or Loss for the Year	-	-	-	9,253.77	-	-	9,253.77
Other Comprehensive income for the Year	-	-	-	-	-	2,040.45	2,040.45
Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-450.54	-	-450.54
Share application money Govt. of India	5,500.00	-	-	-	-	-	5,500.00
Any other change	-	-	-	450.54	-	-	450.54
Transfer to Equity Share Capital	-13,700.00	-	-	-	-	-	-13,700.00
Balance as at 31.03.2019	5,500.00	2,74,897.30	29.61	-4,32,108.90	2,33,457.43	11,829.69	93,605.13

**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

**For & On Behalf of Board of Directors**

**S Chandran**

Partner

M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director – Production /Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019

## Consolidated Statement of Profit and Loss for the year ended 31.03.2019

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>INCOME</b>			
I. Revenue from operations	22	166836.84	148416.25
II. Other Income	23	<u>33647.30</u>	<u>32745.43</u>
III. Total Revenue (I +II)		<b>200484.13</b>	181161.68
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	28371.40	31344.43
Purchase of Stock-in-Trade	25	32164.00	23197.60
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(1128.78)	1176.53
Installation & Maintenance Charges		78393.31	52607.33
Employee benefit expense	27	20422.25	22550.35
Finance costs	28	10647.11	15341.12
Depreciation and amortization expense	29	3709.16	2485.50
Other expenses	30	<u>18651.92</u>	<u>9402.39</u>
<b>Total Expenses</b>		<b>191230.37</b>	158105.25
V. Profit/(Loss) before exceptional items and tax (III-IV)		<u>9253.77</u>	<u>23056.43</u>
VI. Exceptional Items			
(i) Income		0.00	0.00
(ii) Expenses		0.00	0.00
VII. Profit/(Loss) before tax (V + VI)		9253.77	23056.43
VIII. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		<u>0.00</u>	<u>0.00</u>
IX. Profit/(Loss) for the year (VII-VIII)		9253.77	23056.43
X. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		1831.69	456.77
Change in Fair value of Equity instruments (Investment) through other comprehensive income		208.76	(311.00)
B. (i) Items that will be reclassified to profit or loss		<u>0.00</u>	<u>0.00</u>
XI. Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other comprehensive Income for the year)		<u>11294.22</u>	<u>23202.20</u>
XII. Earnings per equity share (for continuing operation):			
Basic & Diluted (Face value of 10/- each):		0.97	3.18
Weighted average number of shares		<b>879875000</b>	643333333

**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

**For & On Behalf of Board of Directors**

**S Chandran**

Partner

M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director – Production /Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019



## Consolidated Cash Flow Statement for the year ended 31.03.2019

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	9253.77	23056.43
<b>Adjustment For :</b>		
Depreciation	3709.16	2485.50
Financing Charges	10647.11	15341.12
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(393.67)	(159.80)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	0.00	(9211.48)
Transfer From Grant-In-Aid	(62.47)	(13678.34)
Transfer From Grant-In-Aid(Prior Period Adj.)	0.00	0.00
Other Comprehensive Income	2040.45	145.77
Non-Cash Expenditure	11708.09	336.75
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>36902.45</b>	<b>18315.95</b>
<b>Adjustment For:</b>		
Trade And Other Receivables	(10628.11)	(116108.30)
Inventories	707.90	(1691.00)
Trade Payables	(24618.96)	88288.34
Direct Taxes Paid	20.23	(60.39)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2383.50</b>	<b>(11255.40)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2383.50</b>	<b>(11255.40)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(12781.70)	(18955.36)
Sale Of Fixed Assets	0.00	9211.48
Investments	(208.76)	311.00
Interest Received	393.67	159.80
Dividend Received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(12596.80)</b>	<b>(9273.08)</b>
<b>(C ) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	3238.45	4715.33
Share Application Money	5500.00	13700.00
Issue Of Share Capital	0.00	20000.00
Grant-In-Aid Received	0.00	13298.00
Financing Expenses	(10647.11)	(15341.12)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>(1908.67)</b>	<b>36372.20</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>(12121.96)</b>	<b>15843.73</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>32474.85</b>	<b>16631.13</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>20352.89</b>	<b>32474.85</b>

**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

**For & On Behalf of Board of Directors**

**S Chandran**  
 Partner , M. No. 8646

**S. SHANMUGA PRIYA**  
 Company Secretary

**MALATHY M**  
 Chief Financial Officer

**ALAGESAN K**  
 Director – Production /Addl. Charge CMD

Place : Bengaluru  
 Date : 29.05.2019

## Notes to the Consolidated Financial Statements

Note No. 1

Property, Plant &amp; Equipment

FY 2018-19

₹ in Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2019		
	GROSS AMOUNT 01.04.2018	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	ACCUMULATED DEP. 01.04.2018	FOR THE YEAR	DELETION		ADJUSTMENTS	TOTAL 31.03.2019
<b>LAND:</b>											
-FREE HOLD*	2,24,683.19	-	2,854.00	-	2,21,829.19	-	-	-	-	-	2,21,829.19
-LEASE HOLD***	118.46	-	-	-	118.46	0.54	0.27	-	-	0.81	117.65
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
BUILDING**	11,294.03	293.99	370.22	-	11,217.80	1,535.53	751.38	16.23	-	2,270.68	8,947.12
PLANT & MACHINERY***	23,568.18	10,432.16	-	-	34,000.33	2,268.65	2,621.00	-	-	4,889.65	29,110.68
OTHER EQUIPMENT	2,624.73	409.88	-	-	3,034.60	342.73	240.63	-	-	583.36	2,451.25
OFFICE M/C & EQPT	209.28	48.70	-	-	257.99	78.59	57.00	-	-	135.60	122.39
FURNITURE FIXTURE & FITTINGS	41.67	10.50	-	-	52.17	27.74	3.49	-	-	31.23	20.94
VEHICLES	145.98	12.56	-	19.92	138.62	23.37	18.48	-	-	41.85	96.76
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,62,685.51</b>	<b>11,207.79</b>	<b>3,224.22</b>	<b>19.92</b>	<b>2,70,649.16</b>	<b>4,277.16</b>	<b>3,692.25</b>	<b>16.23</b>	<b>-</b>	<b>7,953.18</b>	<b>2,62,695.98</b>

FY 2017-18

₹ in Lakhs

Property, Plant &amp; Equipment

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2018		
	GROSS AMOUNT 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	ACCUMULATED DEP. 01.04.2017	FOR THE YEAR	DELETION		ADJUSTMENTS	TOTAL 31.03.2018
<b>LAND:</b>											
-FREE HOLD*	2,25,848.80	-	1,165.61	-	2,24,683.19	-	-	-	-	-	2,24,683.19
-LEASE HOLD***	118.46	-	-	-	118.46	0.27	0.27	-	-	0.54	117.92
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
BUILDING**	10,186.93	1,107.10	-	-	11,294.03	801.77	733.77	-	-	1,535.53	9,758.50
PLANT & MACHINERY***	11,131.52	12,436.65	-	-	23,568.18	812.25	1,456.40	-	-	2,268.65	21,299.52
OTHER EQUIPMENT	2,108.16	516.57	-	-	2,624.73	132.31	210.42	-	-	342.73	2,282.00
OFFICE M/C & EQPT	193.06	16.34	0.12	-	209.28	24.30	54.36	0.06	-	78.59	130.69
FURNITURE FIXTURE & FITTINGS	40.24	1.43	-	-	41.67	17.50	10.24	-	-	27.74	13.93
VEHICLES	38.40	107.58	-	-	145.98	9.37	14.00	-	-	23.37	122.61
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,49,665.58</b>	<b>14,185.67</b>	<b>1,165.73</b>	<b>-</b>	<b>2,62,685.51</b>	<b>1,797.76</b>	<b>2,479.47</b>	<b>0.06</b>	<b>-</b>	<b>4,277.16</b>	<b>2,58,408.35</b>

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

₹ in Lakhs

### Notes:

1. There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

Fixed Assets	(Years)
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate : - Servers & Networks	6
Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8
G. Assets costing less than ₹5,000/- are depreciated @ 100%	

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

- \* i) Includes ₹25 Lakhs value of land (Before revaluation) gifted by UP Govt. credited to Capital Reserve.
- ii) Registered valuers have revalued Land of the company on 31.3.2006.
- \*\*\* i) Includes ₹85 Lakhs of plant & machinery given free of cost by UNIDO.
- ii) Includes ₹60 Lakhs of plant & machinery cost of which is borne by Ministry of Information Technology.
- iii) Includes cost of fixed assets worth ₹5000 Lakhs procured out of Grant received from Government of India during 2004-05.
- iv) includes ₹937 Lakhs of plant, machinery and Equipments received free of cost by Rae Bareli unit.
- \*\*\*\* Includes ₹26.94 Lakhs payment made to J&K Govt for which lease deed proceedings are in process.
- ^^ Includes a sum of ₹15.31 lakhs charged on the assets whose useful life is exhausted as on 1st April 2015 as per Schedule II of the Companies Act 2013 and the said amount has been adjusted against Retained Earnings during the year.

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 2</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>		
Capital Work-in-Progress at Cost	6138.39	6883.23
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>6138.39</b>	<b>6883.23</b>
Materials with Contractors	28.93	28.93
Less : Provision	28.93	28.93
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Machinery at Cost</b>		
In-Transit	342.65	777.04
Awaiting Acceptance / Installation	10010.11	7275.33
	10352.76	8052.37
Less: Provision	6.53	6.53
<b>TOTAL</b>	<b>10346.23</b>	<b>8045.84</b>
<b>GRAND TOTAL</b>	<b>16484.62</b>	<b>14929.08</b>

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

**Note No.3**
**FY 2018-19**
**Investment Property:**
**₹ in Lakhs**

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2019
	GROSS AMOUNT 01.04.2018	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	ACCUMULATED DEP. 01.04.2018	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2019	
LAND	3,541.87	2,854.00	-	-	6,395.87	-	-	-	-	-	6,395.87
BUILDING	18.87	353.99	-	-	372.86	1.54	10.84	-	-	12.38	360.48
<b>TOTAL</b>	<b>3,560.74</b>	<b>3,207.99</b>	<b>-</b>	<b>-</b>	<b>6,768.73</b>	<b>1.54</b>	<b>10.84</b>	<b>-</b>	<b>-</b>	<b>12.38</b>	<b>6,756.36</b>

**FY 2017-18**
**₹ in Lakhs**
**Investment Property:**

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2018
	GROSS AMOUNT 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	ACCUMULATED DEP. 01.04.2017	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2018	
LAND	2,752.70	789.17	-	-	3,541.87	-	-	-	-	-	3,541.87
BUILDING	18.87	-	-	-	18.87	0.77	0.77	-	-	1.54	17.33
<b>TOTAL</b>	<b>2,771.57</b>	<b>789.17</b>	<b>-</b>	<b>-</b>	<b>3,560.74</b>	<b>0.77</b>	<b>0.77</b>	<b>-</b>	<b>-</b>	<b>1.54</b>	<b>3,559.20</b>

**Notes:**

- i) (a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.
- (b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bangalore & Mankapur) are yet to be executed by the respective State Governments.
- (c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.
- (d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.
- ii) 1.83 acres of land is leased to Southern Railways and 0.286 acres of land is leased to ESI corporation.
- iii) (a) BSNL Telephone Exchange having area of 0.5733 acres of land
- (b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land
- (c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land
- (d) EPFO, F-28 Bldg. having area of 0.6069 acres of land
- (e) Thumbby Aviation [Halipad - EC Plant] having area of 0.9182 acres of land
- (f) Embassy Services Pvt. Ltd. having area of Land and Building 0.776 acres and 6300 Sq.meters respectively.



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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 4</b>		
<b>NON- CURRENT FINANCIAL ASSETS-INVESTMENTS</b>		
Investment in Equity instruments		
Opening Balance	3,767.37	4,078.37
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares (extent of investment 49%)		
Change in Fair value during the year	208.76	(311.00)
<b>TOTAL</b>	<b>3976.12</b>	<b>3767.37</b>
<b>Calculation of Change in fair value of equity instruments in Indian Satcom Limited(49%)</b>		
Total Assets of Indian Satcom Limited	12,187.17	13,266.11
<b>Less: Total Outside Liabilities of Indian Satcom Limited</b>	<b>(4,072.63)</b>	<b>(5,577.61)</b>
NetWorth(100%)	8,114.54	7,688.50
Share of ITI(49%)/Closing Balance	3,976.12	3,767.37
<b>Less: Opening Balance</b>	<b>(3,767.37)</b>	<b>(4,078.37)</b>
Change in Fair value during the year	208.76	(311.00)
<b>Note No.4(a)</b>		
<b>STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
<b>Secured</b>		
Considered Good	120.55	588.02
Considered Doubtful	0.00	0.00
	120.55	588.02
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>120.55</b>	<b>588.02</b>
<b>Un Secured</b>		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>120.55</b>	<b>588.02</b>
<b>NOTE NO. 5</b>		
<b>NON CURRENT FINANCIAL ASSETS - LOANS</b>		
<b>Secured and considered good :</b>		
Capital Advances	0.00	0.00
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<b>Considered Doubtful :</b>	0.00	0.00
Capital Advances	1.62	1.62
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>Total</b>	<b>1.62</b>	<b>1.62</b>
less: provision	1.10	1.10
<b>TOTAL SECURED LOANS &amp; ADVANCES</b>	<b>0.52</b>	<b>0.52</b>
<b>Unsecured and considered good :</b>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.70
Loans and advances	16.08	16.45
Considered Doubtful:	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	
Capital Advances	0.00	0.00	
Security Deposits	0.00	0.00	
Loans and advances	0.00	0.00	
<b>Total</b>	<b>16.08</b>	<b>17.15</b>	
less: provision	0.00	0.00	
<b>Loans and advances due from related parties :</b>			
<b>ISL</b>	<b>0.00</b>	<b>0.00</b>	
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>16.08</b>	<b>17.15</b>	
<b>GRAND TOTAL</b>	<b>16.60</b>	<b>17.67</b>	
<b>NOTE NO. 6</b>			
<b>INVENTORIES</b>			
a) Raw material and Production stores	8800.66	7100.33	
Less: Provision for Obsolescence	1790.84	1790.84	
	<b>7009.82</b>		5309.50
b) Material issued against Fabrication Contracts	96.91	98.05	
Less: Provision	95.47	95.47	
	<b>1.44</b>		2.58
c) Non-Production Stores	850.52	807.71	
Less: Provision for Obsolescence	237.41	237.41	
	<b>613.11</b>		570.30
d) Work-in-Process Production	4021.81	3070.03	
Less: Provision	305.09	305.09	
	<b>3716.72</b>		2764.94
e) Work-in-Process Installation	0.00	0.00	
Less: Provision	0.00	0.00	
	<b>0.00</b>		0.00
f) Manufactured Components	984.87	948.36	
Less: Provision	40.13	40.13	
	<b>944.74</b>		908.23
g) Finished Goods			
Stock-in-Trade	2288.89	1775.37	
Excise Duty thereon	0.44	85.73	
	<b>2289.33</b>	<b>1861.10</b>	
Less: Provision	1045.71	1045.71	
	<b>1243.62</b>		815.39
h) Stock Reconciliation Account	10.33	10.33	
Less: Provision	10.33	10.33	
	<b>0.00</b>		0.00
i) Goods Pending Inspection / Acceptance			578.51
j) Material-in-Transit Advances			
Considered Good	1346.17	4640.14	
Considered Doubtful	82.23	82.23	
	<b>1428.40</b>	<b>4722.37</b>	
Less: Provision	82.23	82.23	
	<b>1346.17</b>		4640.14
k) Material received and In-Transit Advances	0.00		0.00
l) Tools and Gauges	0.00		0.00
<b>GRAND TOTAL</b>	<b>14875.62</b>	<b>15589.59</b>	

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 7</b>		
<b>CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Un Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	239007.47	246311.84
Considered Doubtful	4651.61	4651.61
	<u>243659.07</u>	<u>250963.44</u>
Other for a period of not exceeding 6 months: Considered Good	26732.58	61681.76
	<u>270391.65</u>	<u>312645.20</u>
Less: Provision	4651.61	4651.61
<b>TOTAL</b>	<b>265740.05</b>	<b>307993.60</b>
<b>GRAND TOTAL</b>	<b>265740.05</b>	<b>307993.60</b>

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is a example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis.

### NOTE NO. 8

#### CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

a) Cash-on-Transit	0.00	0.00
b) Cash on hand	27.43	66.34
c) Cheques & Stamps on Hand	0.13	0.00
d) Balance with Banks :		
- On Current Account	2642.56	4059.76
<b>TOTAL</b>	<b>2670.13</b>	<b>4126.10</b>

### NOTE NO. 8 (a)

#### CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE

##### Balance with Banks :

- On Escrow Account	3066.90	28265.65
- On Current Account (Apprentices)	0.00	5.79
Unpaid Dividend	0.00	0.00
Security deposits/others	0.51	0.44
LC Margin money	0.00	0.00
On Savings Account (Apprentices Security Deposits)	0.00	2.47
On short term deposit (margin money)	61.07	74.40
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	14554.29	0.00
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>17682.76</b>	<b>28348.75</b>

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 9</b>		
<b>CURRENT FINANCIAL ASSETS - LOANS</b>		
Secured Advances recoverable in cash or for value to be received		
Vehicles	0.00	0.00
House building	0.00	0.00
Other Deposits	1048.07	541.71
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1048.07</b>	<b>541.71</b>
Un secured Advances recoverable in cash for value to be received		
Considered Good	25708.79	17890.69
Considered Doubtful	896.61	1517.83
	<b>26605.40</b>	<b>19408.51</b>
Less: Provision	896.61	1517.83
	<b>25708.79</b>	<b>17890.69</b>
Claims and Expenses Recoverable - Inland		
Considered Good	17435.72	16238.21
Considered Doubtful	696.74	696.74
	<b>18132.46</b>	<b>16934.95</b>
Less: Provision	696.74	696.74
	<b>17435.72</b>	<b>16238.21</b>
Claims and expenses recoverable - Foreign		
Considered Good	9.60	10.15
Considered doubtful	1204.32	1204.32
	<b>1213.92</b>	<b>1214.47</b>
Less: Provision	1204.32	1204.32
	<b>9.60</b>	<b>10.15</b>
Advance for Civil Works/ Capital Goods		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Vechicle advance		
	<b>0.00</b>	<b>(0.00)</b>
Other Deposits	3088.20	4105.01
Less: Provision	256.00	256.00
	<b>2832.20</b>	<b>3849.01</b>
Interest accrued but not due on short term deposits	16.94	17.74
<b>TOTAL</b>	<b>46003.25</b>	<b>38005.80</b>
<b>GRAND TOTAL</b>	<b>47051.33</b>	<b>38547.51</b>

- a) Claims and expenses recoverable - inland- includes ₹1690.20 Lakhs recoverable from M/s HCL Infosystem Ltd. as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.
- b) Claims and expenses recoverable - inland- includes ₹140.27 Lakh ( ` 140.27 Lakh) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2019-2020
- c) Claim Recoverable - in land - includes ₹1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.
- d) Rent Receivable includes of Rs.5847.9 Lakhs on a premises leased out upto the period ended 31st March 2011 and no rental income for the period subsequent to 31st March 2011 for the same premises has been recognised on accrual basis due to uncertainty of realization



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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 9 (a)</b>		
<b>Unbilled Revenue</b>		
Government	55024.88	23724.08
Non Government	0.00	0.00
<b>TOTAL</b>	<b>55024.88</b>	<b>23724.08</b>
<b>NOTE NO. 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Taxes & Duties input	6149.89	4320.90
Deposits with Customs Department	99.74	5.08
Payment of Advance tax (Net of refunds)	68.57	88.80
Deposits with Excise Authorities	419.81	454.97
WCT Recoverable	0.00	12.75
<b>TOTAL</b>	<b>6738.02</b>	<b>4882.50</b>
<b>NOTE NO. 11</b>		
<b>I. EQUITY SHARE CAPITAL</b>		
<b>a) Authorised</b>		
2,80,00,00,000 equity shares of ₹10 each	280000.00	80000.00
<b>b) Issued</b>		
89,70,00,000 equity shares of ₹10 each	89700.00	76000.00
<b>c) Subscribed and Fully Paid-up</b>		
89,70,00,000 equity shares of ₹10 each	89700.00	76000.00
<b>d) Subscribed &amp; not fully paid up</b>		
	0.00	0.00
<b>e) Par value per share</b>		
	0.00	0.00
<b>f) Calls unpaid</b>		
	0.00	0.00
<b>g) Forfeited shares</b>		
	0.00	0.00
<b>h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>	<b>No.of shares</b>	<b>No.of shares</b>
Number of shares outstanding O.B	760000000	560000000
Add: Issues during the year	137000000	200000000
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	897000000	760000000
<b>i) The rights and preferences and restrictions attaching to the above class of shares</b>		
- Each holder of Equity share is entitled to one vote per share.		
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>j) List of share holders holding more than 5% shares</b>		
<b>Name</b>	<b>No.of shares held</b>	<b>No.of shares held</b>
1. President of India	867887500	730887500
<b>k) During last 5 years:</b>		
i) Aggregate number of shares allotted without being received in cash	Nil	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil	Nil
iii) Aggregate number and class of shares bought back	Nil	Nil
<b>II. PREFERENCE SHARE CAPITAL</b>		
<b>a) Authorised</b>		
7,00,00,000 preference shares of ₹100 each	70000.00	40000.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 12</b>		
<b>OTHER EQUITY</b>		
<b>1) Capital Reserves</b>		
i) Free Land Gifted		
O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
Total	25.30	25.30
Deductions	0.00	0.00
Closing balance	25.30	25.30
ii) Capital Grant in aid		
As per last Balance Sheet	274872.00	274872.00
Transfer from Grant in aid (capital)	0.00	0.00
Closing Balance	274872.00	274872.00
<b>TOTAL CAPITAL RESERVES</b>	<b>274897.30</b>	<b>274897.30</b>
<b>2) Securities premium reserve</b>		
O.B as per last B/S	29.61	29.61
Additions	0.00	0.00
Total	29.61	29.61
Deductions	0.00	0.00
Closing balance	29.61	29.61
<b>3) Revaluation Reserve</b>		
i) Revaluation reserves- Land		
Opening balance as per last B/S	227238.45	227611.22
Less-Reversal on sale of land	0.00	372.77
Closing Balance	227238.45	227238.45
ii) Revaluation reserves-Buildings		
Opening balance as per last B/S	6669.52	7220.22
Less-Transfer to General Reserve	450.54	550.70
Closing Balance	6218.97	6669.52
<b>TOTAL-REVALUATION RESERVE</b>	<b>233457.43</b>	<b>233907.97</b>
<b>4) Retained Earnings</b>		
i) General reserve:		
Opening balance as per last B/S	1408.66	849.73
Prior Period Adjustments	0.00	0.00
Add: Transfer from Revaluation Reserve (Dep)	450.54	550.71
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	0.00	(8.22)
Closing Balance	1859.21	1408.66
ii) Profit on Sale of Fixed Assets		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to Surplus	0.00	0.00
Closing Balance	0.00	0.00
iii) Sale of Technical know-how		
As per last Balance Sheet	3.50	3.50
Less-Transfer to P&L	0.00	0.00
Closing Balance	3.50	3.50
iv) Industrial Housing Subsidy		
As per last Balance Sheet	6.79	6.79
Less-Transfer to P&L	0.00	0.00
Closing Balance	6.79	6.79
v) Investment allowance reserve		
As per last Balance Sheet	0.00	0.00
Less: Transfer to General reserve	0.00	0.00
Closing Balance	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
vi) Surplus		
As per last Balance sheet	(443232.16)	(466288.59)
Add: Profit/(Loss) for the year	9253.77	23056.43
Add: Transfer from General Reserve	0.00	0.00
Add: Transfer from Profit on sale of fixed assets	0.00	0.00
<b>TOTAL</b>	<b>(433978.39)</b>	<b>(443232.16)</b>
Less- Appropriations	0.00	0.00
Less-Transfer from P&L A/C- (Loss for the year)	0.00	0.00
Closing Balance	<b>(433978.39)</b>	<b>(443232.16)</b>
<b>TOTAL-RETAINED EARNINGS</b>	<b>(432108.90)</b>	<b>(441813.21)</b>
<b>5) Share application money pending allotment</b>	<b>5500.00</b>	<b>13700.00</b>
<b>6) Other Comprehensive Income</b>		
<b>Remeasurement of Defined Benefit Plans (Actuarial Gain)</b>		
Opening Balance	6062.43	5605.67
Changes during the Year	1831.69	456.77
Closing balance	<b>7894.12</b>	<b>6062.43</b>
<b>Change in Fair value of Equity instruments(Investment) through other comprehensive income</b>		
Opening Balance	3726.81	4037.81
Changes during the Year	208.76	(311.00)
Closing balance	<b>3935.57</b>	<b>3726.81</b>
Other comprehensive Income	<b>11829.69</b>	<b>9789.24</b>
<b>GRAND TOTAL - OTHER EQUITY</b>	<b>93605.13</b>	<b>90510.91</b>
<b>NOTE NO. 13</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>Government Grants Unutilised:</b>		
i) Free Equipment gifted		
Opening balance as per last B/S	62.47	156.21
Less-Transfer to P&L	62.47	93.74
Closing Balance	<b>0.00</b>	<b>62.47</b>
ii) Grant-in-aid (Capital) :		
As per last Balance Sheet	4.64	4.64
Add: Receipts during the year	0.00	0.00
<b>Total</b>	<b>4.64</b>	<b>4.64</b>
Less: Transfer to revenue GIA/Capital reserves	0.00	0.00
Less: Transfer to Profit & Loss Account	0.00	0.00
Closing Balance	<b>4.64</b>	<b>4.64</b>
iii) Grant-in-aid (Revenue)		
As per last Balance Sheet	11841.82	12128.42
Add : Receipts during the year	0.00	13298.00
<b>Total</b>	<b>11841.82</b>	<b>25426.42</b>
Less: Transfer to Profit & Loss Account	0.00	13584.60
Closing Balance	<b>11841.82</b>	<b>11841.82</b>
<b>GRAND TOTAL</b>	<b>11846.46</b>	<b>11908.93</b>

-Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	
<b>NOTE NO. 14</b>			
<b>NON-CURRENT LIABILITIES</b>			
<b>FINANCIAL LIABILITIES - LOANS</b>			
<b>i) Secured Loans</b>			
Floating Rate Bonds	0.00	0.00	
Term Loans from Banks	0.00	0.00	
Others	0.00	0.00	
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	0.00
<b>ii) Unsecured Loans</b>			
Loan from Government of India*	30000.00	30000.00	
Interest accrued and due on the above	0.00	0.00	
Floating Rate Bonds	0.00	0.00	
Term Loans from Banks	0.00	0.00	
Deferred payment liabilities	0.00	0.00	
Deposits	0.00	0.00	
Loans and advances from related parties	0.00	0.00	
Long term maturities of finance lease obligation	0.00	0.00	
Other loan - Ku Band	0.00	0.00	
<b>TOTAL</b>	<b>30000.00</b>	<b>30000.00</b>	30000.00
<b>GRAND TOTAL</b>	<b>30000.00</b>	<b>30000.00</b>	30000.00

\*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit (operational profit without any grants) based on which repayment schedule is constructed, the carrying amount is being continued as Non-current Financial Liability. Interest has not been provided in the books of accounts which in the opinion of company no longer required.

**NOTE NO. 15**
**NON-CURRENT FINANCIAL LIABILITIES - OTHERS**

Security deposit received	7033.42	758.80	
Interest accrued and but not due on Loan from GOI	0.00	1056.20	
<b>GRAND TOTAL</b>	<b>7033.42</b>	<b>1815.00</b>	1815.00

**NOTE NO. 16**
**NON CURRENT PROVISIONS**
**For privilege Leave**

As per Last Balance Sheet	6601.67	5693.29	
Less : Transfer to Corporate	0.00	0.00	
Add: Provision for the year	1384.21	908.38	
Less: Payments	0.00	0.00	
<b>TOTAL</b>	<b>7985.88</b>	<b>6601.67</b>	6601.67

**For sick Leave**

As per Last Balance Sheet	87.87	137.80	
Less : Transfer to Corporate	0.00	0.00	
Add: Provision for the year	(25.36)	(49.92)	
Less: Payments	0.00	0.01	
<b>TOTAL</b>	<b>62.52</b>	<b>87.87</b>	87.87

**ii) Others**

<b>GRAND TOTAL</b>	<b>8112.86</b>	<b>110.90</b>	6800.44
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**NOTE NO. 17**
**CURRENT LIABILITIES**
**i) Current Financial Liabilities - Loans**

Loans repayable on demand

-Secured Loans



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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable.	95870.68	92632.23
-Unsecured Loans		
Loans and advances from related parties	0.00	0.00
Deposits	0.00	0.00
Other loans and advances	0.00	0.00
<b>TOTAL</b>	<b>95870.68</b>	<b>92632.23</b>

### NOTE NO. 18

#### CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

For goods supplied		
- Micro small and medium enterprises	1109.49	3.84
- Others	144937.24	167654.49
<b>TOTAL</b>	<b>146046.73</b>	<b>167658.33</b>
For Expenses and Services	8291.87	27121.01
For Other Liabilities	26147.72	31385.61
<b>TOTAL</b>	<b>180486.32</b>	<b>226164.95</b>

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

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2019.

#### AS PER ENCLOSURE:

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

(a) Principal amount remain unpaid on 31.03.2019.	1108.19	3.84
(b) Interest due thereon remaining unpaid on 31.03.2019.	1.30	0.00
(c) The amount of interest paid and principal paid beyond the appointed day during the year	0.00	0.00
(d) Amount of interest due and payable for delay in payments (which have been paid beyond the appointed day during the period) but without adding interest under the MSMED Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2019.	0.00	0.00
(f) Amount of further Interest remaining due and payable even in succeeding years (until such interest dues are paid to small enterprises).	0.00	0.00

#### MSME OUTSTANDING PAYMENT AS ON 31.03.2019

₹ in Lakhs

Sl.No.	Name of the Supplier	Amount Due as on 31.03.2019
1	CCUBE SYSTEMS	65.12
2	COMPONENTS ZONE	0.22
3	ELECTRONIK TOOLING SOLUTIONS	49.80
4	EMST MARKETING PVT LTD,	0.75
5	FINAR LIMITED.	0.21
6	GLOBETEK	17.11
7	ISOCHEM LABORATORIES	0.19
8	M & K ENTERPRISES	0.70
9	MAGNUM NETWORKS SUPPORT PVT.LTD	13.07
10	MUNDHRA BROTHERS	0.55
11	NICE CHEMICALS PVT LTD	3.31
12	POWERMECH CONTROLS & SAFETY	0.09
13	PRINT CARE SOLUTIONS	0.02
14	QUEBEC PETROLEUM RESOURCES LTD.	0.32
15	SARU SMELTING PVT LTD	0.30

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

₹ in Lakhs

Particulars		As at 31.03.2019	As at 31.03.2018
Sl.No.	Name of the Supplier	Amount Due as on 31.03.2019	
16	SASTHA PACKAGE INDUSTRIES		1.14
17	SCR ELEKTRONIKS		0.17
18	SNR EDATAS PRIVATE LIMITED		406.59
19	SYSCO - TECH SYSTEMS(INDIA) PVT. LTD.		2.49
20	M/s.SAI MACHINE TOOLS PVT LTD, INDORE		21.00
21	M/s. URBAN SERVICES & SALES, ALLAHABAD		3.91
22	M/s. SPI ENGINEERS PVT. LTD., NEW DELHI		3.30
23	M/s. CIPL		119.20
24	M/s. MAHALASA		273.11
25	M/s. ARBUTUS TECHNOLOGIES		7.88
26	M/s. MICRON		36.82
27	M/s. TELEMART INDIA PVT. LTD		4.69
28	M/s. VIPROF ELECTRONICS		11.00
29	M/s. AVYAYA TECH		11.01
30	M/s. ASIN NAVIGATION INDIA PVT.LTD		0.22
31	M/s. ROOP TELSONIC ULTRASONIX LTD.		33.13
32	SHIVAM ELECTRICALS		11.14
33	ANAND TECHNOLOGY		5.73
34	BALAJI MOTORS		1.56
35	PRECICRAFT		2.77
36	HICCOTRONICS		0.86
<b>TOTAL</b>			<b>1,109.49</b>

**NOTE NO.19**
**CURRENT FINANCIAL LIABILITIES - OTHERS**

Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	0.00	0.00
Unpaid matured deposits and interest accrued thereon	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	3581.91	5663.41
For Other Liabilities	26617.17	40857.78
Other payables	26829.50	20.59
Salary Payable	869.34	409.40
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1076.68	1083.29
Preference Shares*	30000.00	30000.00
Deposits from Contractors	4576.64	4167.06
Misc.Liabilities	19343.33	0.00
<b>TOTAL</b>	<b>113107.38</b>	<b>82414.33</b>

\*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Interest/Dividend has not been provided in the books of accounts.

**Preference Shares:**
**a) Authorised**

70000000 Preference Shares of ₹100 each 70000.00 40000.00

**8.75% Cumulative Redeemable Preference Shares :**
**b) Issued**

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each  
 Redeemable at par in 5 equal instalment from March 2005 10000.00 10000.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>c) Subscribed and Fully Paid-up</b>		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00
d) Subscribed & not fully paid up	0.00	0.00
e) Calls unpaid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
	<u>No. of shares held</u>	<u>No. of shares held</u>
Number of shares outstanding O.B	10000000	10000000
Add: issues during the year	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	<u>10000000</u>	<u>10000000</u>
h) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares		
<b>Name</b>	<u>No. of shares held</u>	<u>No. of shares held</u>
1. Mahanagar Telephone Nigam Ltd.	10000000	10000000
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 8.75% Cumulative Preference Shares from 2002-03	14875.00	14000.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	10000.00	10000.00

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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b><u>7% Cumulative Redeemable Preference Shares :</u></b>		
a) Issued		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
b) Subscribed and Fully Paid-up		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
c) Subscribed & not fully paid up		
d) Par value per share(₹100)	0.00	0.00
e) Calls unpaid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
	<b><u>No. of shares held</u></b>	<b><u>No. of shares held</u></b>
Number of shares outstanding O.B	20000000	20000000
Add: issues during the year	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	20000000	20000000
h) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares	<b><u>As at 31.03.2019</u></b>	<b><u>As at 31.03.2018</u></b>
<b>Name</b>	<b><u>No. of shares held</u></b>	<b><u>No. of shares held</u></b>
1. Bharat Sanchar Nigam Ltd.	20000000	20000000
j) During last 5 years:		
k) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares bought back	0.00	0.00
a) On 7.00% Cumulative Preference Shares from 2003-04	22400.00	21000.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	20000.00	20000.00



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

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE NO. 20</b>		
<b>CURRENT PROVISIONS</b>		
<b>For Taxation</b>		
As per last Balance Sheet	0.00	0.00
Add: Provisions during the year	0.00	0.00
Less: Adjustments of provisions relating to earlier years	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>For Gratuity</b>		
As per Last Balance Sheet	8539.70	10850.25
Add: Provision for the year	1138.91	1989.45
Less: Transfer to gratuity trust	0.00	4300.00
Add: Transfer from gratuity trust	1708.67	4689.13
Add: Transfer from Corporate	0.00	0.00
Less: Payments	1708.67	4689.13
<b>Total</b>	<b>9678.61</b>	<b>8539.70</b>
<b>For Privilege Leave</b>		
As per Last Balance Sheet	3288.35	3749.40
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(1735.83)	655.04
Less: Payments	919.23	1116.07
<b>Total</b>	<b>633.29</b>	<b>3288.36</b>
<b>For Sick Leave</b>		
As per Last Balance Sheet	2.41	3.57
Add: Provision for the year	(0.36)	(1.17)
Less: Payments	0.00	0.00
<b>Total</b>	<b>2.05</b>	<b>2.40</b>
<b>For L L T C provision</b>		
As per Last Balance Sheet	175.33	180.05
Add: Provision for the year	136.25	102.80
Less: Payments	16.86	107.52
<b>Total</b>	<b>294.72</b>	<b>175.33</b>
<b>GRAND TOTAL</b>	<b>10608.66</b>	<b>12005.80</b>

### NOTE NO. 21

#### OTHER CURRENT LIABILITIES

Income received in advance	0.00	0.00
Duties & Taxes	4548.09	6364.92
Advances from Customers	54914.04	67864.30
<b>TOTAL</b>	<b>59462.13</b>	<b>74229.22</b>

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE NO. 22</b>		
<b>REVENUE FROM OPERATIONS</b>		
i) Sale of Products (Incl. Excise duty and net of sales tax & GST)		
Sale of Finished Goods	41861.31	67331.98
Sale of Traded Goods	33635.61	9565.65
<b>TOTAL</b>	<b>65506.47</b>	<b>76897.63</b>
ii) Sale of services	101310.67	66131.68
iii) Other Operating Revenues:		
a) Sale of Scrap	19.70	0.49
b) Income from DLRC Project	0.00	86.45
c) Non competing fee	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
d) Grant In Aid-Revenue	0.00	19.70	5300.00	5386.94
<b>TOTAL</b>		<b>166836.84</b>		<b>148416.25</b>

Effective 1st April 2018 the company has adopted IndAS 115 " Revenue from Contracts with Customers"

**Sales under broad heads :**

1. NPR	753.75	60.50
2. Electronic Switching Equipments	1102.07	318.13
3. MLLN	1629.57	12474.39
4. SIM Card	0.00	0.00
5. Transmission Equipment	16441.97	2298.22
6. Telephone	4971.24	1550.87
7. G-PoN	4314.07	31569.27
8. DWDM	0.00	0.00
9. Solar Panel	0.00	0.00
10. SWAN	0.00	0.00
11. APDRP	0.00	942.83
12. IT PRODUCTS	9375.02	8562.98
13. NGN	591.10	5643.96
14. NFS	3049.79	5592.83
15. ASCON	885.56	327.33
16. DEFENCE	0.00	0.00
17. Smart Energy meters	4703.52	2219.49
18. BBWT	0.00	0.00
19. HDPE Pipe	0.00	39.21
20. OFC	538.22	451.50
21. MAHANET	0.00	0.00
22. WIFI-HOTSPOT	27.90	0.00
23. GUJNET	0.00	0.00
24. BNG	7044.10	0.00
25. DDOS	0.00	0.00
26. Others	10078.58	4846.14
<b>TOTAL</b>	<b>65506.47</b>	<b>76897.63</b>

**Service Income under broad heads :**

1. AMC	12099.19	19549.23
2. SSTP	874.32	484.34
3. NPR	71.50	2820.38
4. SECC	0.00	6845.87
5. Data Center	1633.64	1540.76
6. IT	2131.85	1773.22
7. SWAN	0.00	132.79
8. GSM	2761.13	1593.83
9. NFS	21299.94	9039.18
10. G-PoN	0.00	6864.58

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
11. ASCON	0.00	0.00
12. DEFENCE	8524.45	8344.73
13. NGN	0.00	0.00
14. BBWT	0.00	0.00
15. MAHANET	39809.58	0.00
16. WIFI-HOTSPOT	0.00	0.00
17. GUJNET	1299.10	0.00
18. BNG	650.69	0.00
19. DDOS	0.00	0.00
20. MLLN	3.16	0.00
21.Others	10152.12	7142.76
<b>TOTAL</b>	<b>101310.67</b>	<b>66131.68</b>
<b>Earnings in Foreign Currency</b>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>NOTE NO. 23</b>		
<b>OTHER INCOME</b>		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	393.67	159.80
<b>Total</b>	<b>393.67</b>	<b>159.80</b>
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)		
i) Profit on Sale of Assets	0.00	0.00
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
ii) Commission	0.00	0.00
iii) Rent	1857.75	1572.28
iv) Lease Rent	40.48	0.00
v) Transport Charges	0.10	0.19
vi) Sale of Scrap	541.82	119.04
vii) Water Charges/Electricity Charges	5.30	8.89
viii) Forfeited Bank Guarantee	450.00	0.00
ix) Excess Provision Withdrawn	0.00	53.75
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	29851.75	11214.51
xii) Waiver of Liquidated Damages	2.24	0.00
xiii) Compensation for Srinagar Loss	0.00	1314.75
xiv) Waiver of Interest Charges	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
xv) Transfer from Revenue Grant-in-Aid	0.00	7998.00
xvi) Revenue Grant-in-Aid - VRS	0.00	286.60
xvii) Revenue Grant-in-Aid	62.49	93.74
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compansation for Acquisition of Land by BMRCL	0.00	9211.48
xx) Misc. Income	441.70	712.40
<b>TOTAL (i to xx)</b>	<b>33253.63</b>	<b>32585.63</b>
e) Adjustment to the carrying value of investments (write back)	0.00	0.00
f) Grants relating to Previous Years	0.00	0.00
g) Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	0.00
<b>G. TOTAL</b>	<b>33647.30</b>	<b>32745.43</b>

**NOTE NO. 24**
**CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES**

<b>Opening Stock</b>	<b>7198.38</b>	8160.66
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	30005.92	30231.46
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	<b>37204.30</b>	<b>38392.12</b>
Less:		
Closing Stock	8880.93	7198.38
Issue to Revenue and Others	165.21	(23.62)
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>9046.14</b>	<b>7174.77</b>
Add: Stores Indirect expenses relating to RM & Prodn. Stores	213.24	127.08
<b>CONSUMPTION</b>	<b>28371.40</b>	<b>31344.43</b>

**Rawmaterials consumed under broad heads**

particulars		
1. Electronic Goods & Components	28562.21	31204.71
2. MNIC	27.96	139.72
<b>TOTAL</b>	<b>28590.16</b>	<b>31344.43</b>
Value of Imports on CIF basis		
Raw Materials and Production Stores	7161.75	18940.10
Components and Spare Parts	0.00	0.09
Material in transit	0.00	3653.79
Capital Goods	3163.57	6521.79
<b>TOTAL</b>	<b>10325.32</b>	<b>29115.77</b>

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

Particulars	2018-19		2017-18	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	2220.55	7.77	15402.55	48.83
Indigenous	26369.62	92.23	16137.87	51.17
<b>TOTAL</b>	<b>28590.17</b>	<b>100.00</b>	<b>31540.42</b>	<b>100.00</b>

**NOTE NO. 25**

<b>PURCHASE OF STOCK-IN-TRADE</b>	<b>32164.00</b>	<b>23197.60</b>
<b>Goods purchased under broad heads</b>		



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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Particulars</b>		
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	1551.28	222.74
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	102.51	0.00
8. ASCON	425.40	219.48
9. GSM	0.00	0.00
10. IT	9527.66	2878.40
11. APDRP	0.00	711.16
12. NGN	0.00	0.00
13. Smart Energy Meters	1932.00	0.00
14. Solar Panel	0.00	0.00
15. MAHANET	0.00	0.00
16. WIFI-HOTSPOT	0.00	0.00
17. GUJNET	422.82	0.00
18. BNG	5599.46	0.00
19. DDOS	0.00	0.00
15. Others	12602.87	19165.82
<b>TOTAL</b>	<b>32164.00</b>	<b>23197.60</b>

### NOTE NO. 26

#### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

##### Accretion/(Decretion) to WIP

##### WIP - Production :

Closing Balance	3718.23	3070.03
Less: Opening Balance	3070.03	4172.84
<b>TOTAL</b>	<b>648.20</b>	<b>(1102.81)</b>
Add: Write Off during the Year	31.34	31.34
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>679.54</b>	<b>(1071.47)</b>

##### WIP - Installation:

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

##### Accretion/(Decretion) to Manufacturing Components

Closing Balance	970.79	887.74
Less: Opening Balance	887.74	914.90
<b>TOTAL</b>	<b>83.05</b>	<b>(27.16)</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Add: Write Off during the Year	0.00	6.27
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>83.05</b>	<b>(20.89)</b>
<b><u>WIP - Installation:</u></b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision/ effects of WIP	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Accretion/(Decretion) to Stock-in-Trade</u></b>		
<b><u>Stock-in-Trade :</u></b>		
Closing Balance	2172.71	1806.52
Less: Opening Balance	1806.52	1891.80
<b>TOTAL</b>	<b>366.19</b>	<b>(85.28)</b>
Add: Write Off during the Year	0.00	1.10
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>366.19</b>	<b>(84.18)</b>
<b><u>Stock of Scrap</u></b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>1128.78</b>	<b>(1176.53)</b>
<b><u>NOTE NO. 27</u></b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
i) SALARIES & WAGES		
Salaries & Wages	14961.16	15828.85
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>14961.16</b>	<b>15828.85</b>
Bonus	4.78	3.30
Wage revision arrear payments	0.27	0.00
Incentive	145.30	101.93
<b>TOTAL</b>	<b>15111.51</b>	<b>15934.08</b>
ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:		
Providend Fund & Pension Fund	1748.41	1812.10
Employees State Insurance	7.28	4.40
Gratuity Trust Fund	1138.91	1995.73
Leave Salary- PL	(454.84)	1007.88
Sick Leave	(25.72)	(50.81)
Deposit Linked Insurance/Group Insurance	17.28	18.23
<b>TOTAL</b>	<b>2431.31</b>	<b>4787.53</b>
iii) WORKMEN AND STAFF WELFARE EXPENSES		
Welfare Expenses - Canteen	267.46	285.34
Welfare Expenses - Education	36.00	44.91
Medical Expenses	435.98	485.16

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
LTC/LLTC	138.34	114.84
Uniforms	0.24	0.50
Others	169.73	154.61
<b>TOTAL</b>	<b>1047.74</b>	<b>1085.37</b>
iv) VOLUNTARY RETIREMENT SCHEME		
VRS Payments	0.00	286.60
v) Actuarial Gain/(Loss)	1831.69	456.77
<b>GRAND TOTAL</b>	<b>20422.25</b>	<b>22550.35</b>

### RELATED PARTY TRANSACTIONS

#### KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES

Name	2018-19	2017-18
Shri Alagesan K -Director (Production) / Additional charge CMD	16.35	14.41
Shri Gopu-Ex CMD	11.38	14.03
Dr Janaki Ananthakrishnan-Ex Director (Finance)	0.00	18.26
Smt Malathy M CFO	13.22	7.43
Shri R M Agarwal-Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director (HR)	12.72	0.00

## DISCLOSURE REPORT UNDER IND AS 19

### Defined Benefit Plan

The Employees Gratuity Fund Scheme Managed by a Trust is a defined benefit Plan. The Present value of Obligation is determined based on Actuarial Valuation. The obligation for Leave encashment is recognized based on Actuarial Valuation which is unfunded.

### I Summary of results

S.N	Assets / Liability	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present value of obligation	20,525	20,521	8,619	9,890	65	90
b)	Fair value of plan assets	10,847	11,981	--	--	--	--
c)	Net assets / (liability) recognized in balance sheet as provision	-9,679	-8,540	-8,619	-9,890	-65	-90

### II Actuarial & Demographic Assumptions

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Discounting Rate	7.32	7.31	7.32	7.31	7.32	7.31
b)	Future salary Increase	5.1	5.1	5.1	5.1	5.1	5.1
c)	Attrition at Ages	4.84	12.82	4.84	12.82	4.84	12.82

### III Plan Liability

S.N	Date Ending	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present value of obligation as at the end of the period	20,525	20,521	8,619	9,890	65	90

### IV Service Cost

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Current Service Cost	677	691	297	338	2	3
b)	Past Service Cost including curtailment Gains/Losses	--	1,053	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	677	1,744	297	338	2	3

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

₹ in Lakhs

**V Net Interest Cost**

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Interest Cost on Defined Benefit Obligation	1,500	1,534	723	647	7	10
b)	Interest Income on Plan Assets	876	779	--	--	--	--
c)	Net Interest Cost (Income)	624	755	723	647	7	10

**VI Change in Benefit Obligation**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present value of obligation as at the beginning of the period	20,521	22,395	9,890	9,443	90	141
b)	Acquisition adjustment	--	--	0	0	0	0
c)	Interest Cost	1,500	1,534	723	647	7	10
d)	Service Cost	677	691	297	338	2	3
e)	Past Service Cost including curtailment Gains/Losses	--	1,053	--	--	--	--
f)	Benefits Paid	-1,709	-4,689	-925	-830	--	--
g)	Total Actuarial (Gain)/Loss on Obligation	-464	-464	-1,366	292	-35	-64
h)	Present value of obligation as at the End of the period	20,525	20,521	8,619	9,890	65	90

**VII Bifurcation of Actuarial Gain/Loss on Obligation**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-858	-31	-378	-57	-3	-1
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-4	-129	-271	-79	-2	-1
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	398	-303	-716	427	-30	-63

**VIII Actuarial Gain/Loss on Plan Asset**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Expected Interest Income	876	779	--	--	--	--
b)	Actual Income on Plan Asset	843	1,000	--	--	--	--
c)	Actuarial gain/(loss) for the year on Asset	-32	221	--	--	--	--

**IX Balance Sheet and related analysis**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Present Value of the obligation at end	20,525	20,521	8,619	9,890	65	90
b)	Fair value of plan assets	10,847	11,981	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-9,679	-8,540	-8,619	-9,890	-65	-90

**X The amounts recognized in the income statement.**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Total Service Cost	677	763	297	338	2	3
b)	Net Interest Cost	624	1,528	723	647	7	10
c)	Net actuarial (gain) / loss recognized in the period	0	0	-1,366	292	-35	-64
d)	Expense recognized in the Income Statement	1,301	2,290	-346	1,277	-26	-51



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

₹ in Lakhs

### XI Other Comprehensive Income (OCI)

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	464	464	--	--	--	--
c)	Actuarial gain/(loss) for the year on Asset	-32	221	--	--	--	--
d)	Unrecognized actuarial gain/(loss) for the year	431	685	--	--	--	--

### XII Change in plan assets

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Fair value of plan assets at the beginning of the period	11,981	11,370	--	--	--	--
b)	Difference in Opening	-269	175	--	--	--	--
c)	Actual return on plan assets	843	5,300	--	--	--	--
d)	Employer contribution	--	--	--	--	--	--
e)	Benefits paid	-1,709	-4,689	--	--	--	--
f)	Fair value of plan assets at the end of the period	10,847	11,981	--	--	--	--

### XIII Major categories of plan assets (as percentage of total plan assets)

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	<b>Total</b>	<b>100%</b>	<b>100%</b>	--	--	--	--

### XIV Change in Net Defined Benefit Obligation

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Net defined benefit liability at the start of the period	8,540	11,025	9,890	9,443	90	141
b)	Acquisition adjustment	--	--	--	--	2	--
c)	Total Service Cost	677	1,744	297	338	3	3
d)	Net Interest cost (Income)	624	755	723	647	7	10
e)	Re-measurements	-431	-685	-1,366	292	-35	-64
f)	Contribution paid to the Fund	--	-4,300	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-925	-830	--	--
h)	Net defined benefit liability at the end of the period	9,679	8,540	8,619	9,890	65	90

### XV Bifurcation of PBO at the end of year in current and non current.

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Current liability (Amount due within one year)	1,306	6,701	633	3,288	2	2
b)	Non-Current liability (Amount due over one year)	19,219	13,820	7,986	6,602	63	88
	<b>Total PBO at the end of year</b>	<b>20,525</b>	<b>20,521</b>	<b>8,619</b>	<b>9,890</b>	<b>65</b>	<b>90</b>

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

₹ in Lakhs

**XVI Expected contribution for the next Annual reporting period**

S.N	Particulars	31-03-2019	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a)	Service Cost	734	585	314	369	7	22
b)	Net Interest Cost	708	624	631	647	5	7
c)	Expected Expense for the next annual reporting period	1,442	1,209	945	1,016	12	29

**XVII Sensitivity Analysis of the defined benefit obligation.**

a) Impact of the change in discount rate		31-03-2019	31-03-2019	31-03-2019
S.N	Present Value of Obligation at the end of the period	20,525	8,619	65
a)	Impact due to increase of 0.50%	-354	-161	-1
b)	Impact due to decrease of 0.50 %	365	167	1
b) Impact of the change in salary increase		31-03-2019	31-03-2019	31-03-2019
S.N	Present Value of Obligation at the end of the period	20,525	8,619	65
a)	Impact due to increase of 0.50%	351	169	1
b)	Impact due to decrease of 0.50 %	-349	-165	-1

**XVIII Maturity Profile of Defined Benefit Obligation**

S.N	Year	Amount	Amount	Amount
a)	0 to 1 Year	1,306	633	2
b)	1 to 2 Year	1,346	1,665	13
c)	2 to 3 Year	2,617	1,854	13
d)	3 to 4 Year	3,934	1,316	8
e)	4 to 5 Year	3,020	941	8
f)	5 to 6 Year	2,105	633	6
g)	6 Year onwards	6,196	1,576	13

**XIX Summary of results**
**Leave Travel Concession**

S.N	Assets / Liability	31-03-2019
a)	Present value of obligation	295
b)	Fair value of plan assets	--
c)	Net assets / (liability) recognized in balance sheet as provision	-295

**XX Actuarial & Demographic Assumptions**

S.N	Particulars	31-03-2019
a)	Discounting Rate	7.32
b)	Future salary Increase	5.1
c)	Attrition at Ages	4.84

**XXI Actuarial Value**

Present value of obligation as at the end of period (31/03/2019)	295
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**XXII Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013**

S.N	Particulars	31-03-2019
a)	Current liability (Amount due within one year)	29
b)	Non-Current liability (Amount due over one year)	266
c)	<b>Total PBO at the end of year</b>	<b>295</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE NO. 28</b>		
<b>FINANCE COSTS</b>		
i) Interest Expense:		
Cash Credit	10670.80	12474.48
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others*	(835.02)	1365.84
ii) Bank charges	743.55	1460.90
iii) Government Guarantee Fee	0.00	0.00
iv) Expenses on Issue of Bonds/Loans	0.00	0.00
v) NET GAIN/LOSS FROM FOREIGN CURRENCY TRANSLATIONS & TRANSACTIONS	67.79	39.91
<b>TOTAL</b>	<b>10647.11</b>	<b>15341.12</b>
*Others includes Interest on Delayed PF Payment and Interest Expenses are arrived after adjusting an amount of Rs.1356.20 lakhs being nominal interest at 1% provided till date on the Govt. of india loan which in the opinion of company no longer required.		
<b>NOTE NO. 29</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Fixed Assets	3703.09	2480.25
Tools and Gauges	6.07	5.25
<b>TOTAL</b>	<b>3709.16</b>	<b>2485.50</b>
Less: Transfer from Revaluation Reserve	0.00	0.00
<b>NET DEPRECIATION</b>	<b>3709.16</b>	<b>2485.50</b>
<b>NOTE NO. 30</b>		
<b>OTHER EXPENDITURE</b>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<b>MANUFACTURING EXPENSES:</b>		
Cosumption of Stores and Spares	218.77	195.99
Power and Light	1370.67	1363.69
Water Charges	161.41	290.02
Excise Duty	0.00	901.60
<b>REPAIRS AND MAINTENANCE:</b>		
i) Plant Machinery and Equipment	131.84	191.89
ii) Vehicles	60.03	69.29
iii) Buildings	648.95	843.71
iv) Other Equipments	65.95	93.17
Cost and Expenses on Tools	0.10	1.78
Experimental Work and Training Expenses	52.89	59.25
Expenses on Minor Equipment & Work	7.93	33.62
Royalty	0.00	0.00
Scrap and Salvages	0.00	0.49
Factory Expenses	43.94	943.24
<b>TOT CHARGES:</b>		
i) Technical Assistance	4.65	0.00
ii) Technical Knowhow fee	0.00	1.32
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
v) Others	0.00	4.65
Liquidated Damages		0.00
Demurrage Charges	938.04	1047.84
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	1.25	4.49
	0.00	0.00
<b>TOTAL MANUFACTURING EXPENSES</b>	<b>3706.40</b>	<b>6041.38</b>
<b>ADMINISTRATION EXPENSES:</b>		
Rent	175.70	162.87
Rates and Taxes	72.09	125.35
Insurance	22.89	26.49
<b>TRAVELLING EXPENSES</b>		
Inland	421.49	436.78
Foreign	7.29	3.24
Legal fees	117.88	50.73
Postage, Telegram, Telex Expenses	31.46	31.23
Telephone and Trunk Call Charges	71.70	71.44
Remuneration to Auditors		
Audit Fees	21.04	18.72
For Taxation Matters	0.21	0.36
For Company Law Matters	0.00	0.00
For Management Services	0.00	0.00
For Reimbursement of Expenses	0.58	0.95
For Other Services	5.60	0.53
CISF/ Private Security Expenses	942.50	824.33
Printing, Stationary and Duplicating Charges	88.14	60.44
Transport Expenses	393.25	465.15
News Papers, Magazines & Periodicals	21.01	11.21
Mechanised Accounting Expenses	2.97	1.06
Lease Charges	0.00	0.00
Licence fee/Segment Charges	1.70	42.56
Office Expenses	528.36	478.43
Provision for Obsolescence of RM Stores	0.00	0.00
Obsolete RM & Production Stores Write off	0.00	336.26
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	0.00	0.00
Bad Debts Write off	11669.82	0.00
Claims and Expenses Charge off	38.27	0.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED	0.00	0.00
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>14633.95</b>	<b>3148.13</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	7.78	0.03
Advertisement Expenses	20.72	23.35
Exhibition and Publicity Expenses	29.72	14.05



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

₹ in Lakhs

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Packing Expenses	15.20	10.10
Forwarding Expenses	154.65	155.18
Discount Allowed	0.00	0.00
Warrenty Expenses	8.24	0.00
Sales Promotion Expenses	72.38	2.87
Entertainment Expenses	0.36	4.67
Cost of Tender Forms	2.50	2.62
<b>TOTAL SELLING EXPENSES</b>	<b>311.57</b>	<b>212.88</b>
<b>TOTAL OTHER EXPENSES</b>	<b>18651.92</b>	<b>9402.39</b>

Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.

In case of back to back arrangements, Liquidated damages is accounted on net basis.

### Expenditure in Foreign Currency :

Royalty	0.00	0.00
Knowhow	0.00	0.00
Professional / Consultation Fees	0.00	0.00
Interest	0.00	0.00
Others	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

### NOTE NO. 31

- Corporate information:  
ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.
- Execution and registration of sale deed for assets sold to DRDO for ₹2600 lacs during 2003-2004 is under process.
- An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15423.32 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1076.68 lakhs kept under Other Current Liabilities.
- Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators, subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.
- 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.
- a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL).

	2018-19	2017-18
Purchase of goods/Services		
Sale of goods/Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party		
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00

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

₹ in Lakhs

Particulars	2018-2019	2017-2018
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri Alagesan K -Director (Production) / Additional charge CMD	16.35	14.41
Shri Gopu-Ex CMD	11.38	14.03
Dr Janaki Ananthkrishnan-Ex Director (Finance)	0.00	18.26
Smt Malathy M CFO	13.22	7.43
Shri R M Agarwal-Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director (HR)	12.72	0.00
<b>7 Earnings Per Share (for continuing operation):</b>		
Profit after tax (Including OCI)	11294.22	23202.20
(-) Preference Dividend	2275.00	2275.00
Dividend tax	463.14	463.14
Profit available to equity shareholders	8556.07	20464.06
No. of Shares at beginning of the year	760000000	560000000
No. of Shares at the end of the year	897000000	760000000
Weighted average number of shares during the period	879875000	643333333
Earning per equity share (for continuing operation): Basic & Diluted (in ₹)	0.97	3.18
8 Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indian Accounting Standard (Ind AS)-12 "Income Taxes"		
<b>9 JOINT VENTURES:</b>		
The financial reporting of interests in Joint Ventures as per Ind AS 28:		
(a) India Satcom Limited		
No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067		
Company's stake in equity participation	49%	49%
Place of incorporation of JV-India		
Banks filed a recovery suit application u/s 19 of the recovery of debts from ISL Limited, due to banks and financial institutions Act 1993, In Debt Recovery Tribunal, Bangalore (OA No 1079/2011). The DRT has since passed the Final Order dated 31.05.2018 and directed SBI offer OTS sanction letter to the company. However SBI has offered the OTS under SBI OTS scheme 2018. ISL Limited has availed during the year OTS under SBI OTS Scheme 2018 (Ref:DGM\SAMB\CLO-4\SGM-697 dt.27.09.2018). Accordingly the company paid the OTS amount towards extinguishment of the entire loan of SBI and SBI has issued no dues certificate (Ref:DGM\SAMB\CLO-4\SGM\1251 dt. 26.03.2019). Further the company is negotiating with Tamilnad Mercantile Bank Ltd. for similar OTS settlement.		
10 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	0.00
Commitments in respect of other contracts not provided for-	0.00	0.00
11 a) Contingent Liability in respect of		
- Outstanding letters of credit & guarantees	109276.47	73623.18
- Sales Tax demand /Service Tax/Income Tax	15002.89	15272.06
- Non receipt of C/D forms	28118.39	30329.44
- Excise Duty Demand/CENVAT Disallowance	2334.06	2569.71
- ESI demand	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04
- Claims against the Company not acknowledged as debts	5027.31	5052.46
b) Pending litigations:-		
(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.		
(ii) Vendors have filed the case against the company involving total amount ₹272.21 lakhs and the case is pending before various forums.		
(iii) Disputed statutory liabilities of ₹18161.78 lakhs.		
(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.		
(v) Bruhat Bengaluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.		

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

₹ in Lakhs

Particulars	2018-2019	2017-2018
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Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.

- 12 Write-back of liabilities of earlier years amounting to ₹299 Crores comprises Palakkad unit ₹25 crores, Naini unit ₹9 crores, NS unit ₹2 crores, RBL unit ₹2 crores Mankapur unit ₹66 crores, Bangalore plant unit ₹129 crores and ROs ₹66 crores . Also company has written off sundry debtors valuing ₹117 crores, mainly consisting of Bangalore plant ₹50 crores, NS unit ₹6 crores, Naini unit ₹4 crores and RO Mumbai ₹57 crores.

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

Particulars	2018-19	%	2017-18	%
Imported	2220.55	7.77	15402.55	48.83
Indigenous	26369.62	92.23	16137.87	51.17
Total	28590.17	100.00	31540.42	100.00

- 14 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.
- 15 The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹ 4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 crores received as share capital in financial year 2016-17. During the year 2017-18 ₹ 337 crores has been received towards Capital Grant in Aid, out of this ₹200 crores allotted during 2017-18 and balance ₹137 crores during 2018-19. The Company also received Rs.55 crores which is lying in share application money for pending allotment. The company has received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transferred to units/Ros for meeting the expenditure during 2016-17 and the balance ₹308.18 lakhs has been transferred during FY 2018-19. During FY 2018-19 the company has not paid VRS expenditure, the balance amount is lying in the account.
- 16 Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.
- 17 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹146 lakhs, which is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land aggregating ₹5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting entries will be booked for recognising the profit on sale of land.
- 18 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.
- 19 Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.
- 20 Land Measuring 77 Acres valuing ₹194.70 Crores (Market value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.

- 21 Value of Imports on CIF basis

Raw Materials and Production Stores	7894.78	18940.10
Components and Spare Parts	0.00	0.09
Material in transit	0.00	3653.79
Capital Goods	3163.57	6521.79
<b>TOTAL</b>	<b>11058.35</b>	<b>29115.77</b>

- 22 Rent from C-DoT, Government of India aggregating ₹ 5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹8179.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17, 2017-18 & 2018-19 on accrual basis is deferred, which is in conformity with Ind AS-18.

- 23 Liquidated Damages (LD) of ₹1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.

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

₹ in Lakhs

Particulars		2018-2019	2017-2018
24	Performance Indicators - Ratios		
	- Sales to Total Assets	0.27	0.24
	Times		
	Sales incl. Taxes/ Total Assets (Net Fixed Assets + Investments + Gross Current Assets)		
	- Operating Profit to Capital employed	0.05	0.17
	[%]		
	Profit before tax / (Share holders' funds + Loan funds)		
	- Return on Net Worth	(0.17)	(0.14)
	[%]		
	(Profit after tax / Share holders' funds)		
	- Profit to Sales	0.07	0.03
	[%]		
	(Profit before tax to sales incl. ED, Service Tax & GST)		

25 Effective 1st April 2018 the company has adopted IndAS 115 " Revenue from Contracts with Customers"

26 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.

27 Figures in brackets indicated in the Accounts reflect negative balances.

As per our report of even date

**For M/S Sankaran & Krishnan**

Chartered Accountants

Firm Reg No.: 003582S

**For & On Behalf of Board of Directors**
**S Chandran**

Partner

M. No. 8646

**S. SHANMUGA PRIYA**

Company Secretary

**MALATHY M**

Chief Financial Officer

**ALAGESAN K**

Director - Production /Addl. Charge CMD

Place : Bengaluru

Date : 29.05.2019



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

₹ in Lakhs

### 32 Related Party Disclosures

#### a. Associate/Joint Venture

Name of the entity	Place of Business	Ownership interest held by the company		Ownership interest held by the non controlling interests		Principal Activities
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	
INDIA SATCOM LIMITED	India	49.00%	49.00%	51.00%	51.00%	VSAT Manufacturing & Servicing

#### b. Details of Remuneration to Directors / Key Management Personnel's

Name of Directors / Key Management Personnel's	2018-19	2017-18
Shri Gopu-Ex CMD	38.51	14.03
Shri Alagesan K - Directors -Production/Addl. Charge CMD	16.35	14.41
Shri R M Agarwal-Director (Marketing)	28.77	0.00
Shri Shashi Prakash Gupta-Director HR	12.72	0.00
Shri Saday Krishna Kanoria-Independent Director	0.58	0.00
Smt Asha Kumari Jaswal- Independent Director	0.58	0.00
Shri Rajen Vidyarthi- Independent Director	0.48	0.00
Shri Suresh Chandra Panda- Independent Director	0.31	0.00
Shri Mayank Gupta- Independent Director	0.23	0.00
Dr. Akhilesh Dube-Independent Director	0.28	0.00
Dr. K R Shanmugam- Independent Director	0.25	0.00
Smt Malathy M CFO	13.22	7.43
Smt S Shanmuga Priya-Co Secretary	9.5	7.73

\*\* Part of the year

#### c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :-

Particulars	Associate/ Joint Venture	
Name of Joint Venture Company	INDIA SATCOM LIMITED	
Purchase of Goods	Nil	
Sale of Goods		
Rendering Services		
Services Received		
Rent Received (Lease)		
Interest Income		
Dividend Income on Investments		
Loan Outstanding (including Interest) as on 31.03.2019		
Trade Payables Outstanding as on 31.03.2019		
Trade Receivables Outstanding as on 31.03.2019		
Investment in Equity as on 31.03.2019		₹ 40.55 lakhs
Advances for Purchase Outstanding as on 31.03.2019		Nil

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances (other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note h below.

h. Loans to Related Parties :- Nil

i. Management Contracts including deputation of Employees :- Nil

j. Transaction with Government and Government Related Entities :-

As ITI is a government entity under the control of Ministry of Telecommunications (MoT), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :-

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

In addition to the above, around 83.73% of the Company's Turnover, around 96.09% of Trade Receivables and around 99.95% of Customer's Advance is with respect to government and government related entities.

## REVISED INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ITI LIMITED

#### Revised Report on the Audit of the Consolidated Financial Statements

On completion of audit of consolidated accounts of ITI Limited ("the Company") for the year 2018-19, we had rendered our audit report dated 29th May 2019. Subsequent to our report, in light of the observations arising from the audit by office of the Principal Director of Audit, Post & Telecommunications the Comptroller & Audit General of India, vide letter Rep.FA/F208/208-19/425 dated 1st October 2019. with respect to the reliance placed by us on unaudited financial statements of Regional Offices of the company as reported under para (b) of "Other matters" of our audit report dated 29th May 2019, the said report has been revised. This supersedes our previous independent audit report dated 29th May 2019. This amendment has no impact on the reported figure in the financial statements. Consequent to amendment of para (b) of Other Matters, our report has been revised and placed at the Board Meeting of the company held on 11th October 2019.

#### 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, 2019, 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 Indian 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, 2019 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

- a) 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);
- b) 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

- a) 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 31.03.2011 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

We draw the attention to the following matters in the Notes to the financial statements :

- i) The profit for the year has been arrived at after making adjustments for the following items -'
  - a. Other Income of Rs 33647.30 lacs for the year includes Rs 29851.75 lacs representing the Write back of liabilities of earlier years. ( Refer Note . 23)
  - b. Rs 1622 lacs being GST collected in a contract remained unpaid as on 31st March 2019 in a back to back contract.
  - c. Finance Costs of Rs 10647.11 lacs are after adjusting an amount of Rs 1356.20 lacs being nominal interest at 1% provided on the Govt of India. loan of Rs 30000 lacs, which in the opinion of the company is no longer required. ( Refer Note.28)
  - d. Revenue from operations of Rs 166836.84 lacs includes Rs 44504.74 lacs representing "Unbilled Revenue" recognised on the basis of percentage of completion of certain contracts. (Refer Note. 22)
- ii) 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)
- iii) 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);
- iv) 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);
- v) 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)
- vi) Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- vii) 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
	<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><b>Principal Audit Procedures</b></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"> <li>-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.</li> <li>-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</li> <li>-Compared these performance obligations with that identified and recorded by the Company.</li> <li>-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.</li> <li>-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.</li> <li>-Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments. The Company has Trade receivable (Note No 7.) of Rs. 265740 lakhs and Loan &amp; Advances balances (Note No. 9.) of Rs. 77669.39 lakhs and Deposit with Government departments, taxes and duties of Rs 6738.02 lacs ( 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><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>-Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>-Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>-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;</li> <li>-Tested subsequent settlement of trade and receivables after the balance sheet date on a sample basis, if any.</li> <li>-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.</li> </ul>
	<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 2019 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 reflects assets of the joint venture viz., INDIA SATCOM LIMITED of Rs 3976.12 lakhs as "Investment under Equity Method" and includes its joint venture's share of net profit (including Other Comprehensive Income) of Rs 208.76 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. 487336.84 Lakhs as at March 31, 2019, total revenues of Rs. 55157.12 Lakhs and Profit after tax of Rs. 2964.96 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. Out of the 8 Regional Offices, we have audited the financial statements of Regional Offices located at Bangalore and Chennai, whose financial statements reflect total assets of Rs. 32345.95 Lakhs as at March 31, 2019, total revenues of Rs 11986.82 Lakhs and Profit after tax of Rs 1147.77 Lakhs for the year ended on that date. With respect to remaining 6 Regional Offices, whose financial statements reflect total assets of Rs 40722.67 Lakhs as at March 31, 2019, total revenues of Rs 31925.52 Lakhs and Profit after tax of Rs 1682.93 Lakhs for the year ended on that date, we have relied on the financial statements certified by the Management and furnished to us. Based on the information and explanations provided by the management we are of the opinion the assurance level of the reliability and accuracy of the financial statements of the 6 Regional Offices certified by the managements is reliable.
- 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 Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.



- d) 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.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 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 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 Registration No: 003582S

**S.CHANDRAN**  
Senior Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## 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 2019, 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, 2019, 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 Registration No: 003582S

### S.CHANDRAN

Senior Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## 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 Consolidated financial statements for the year ended 31 March 2019, we report that:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information.
- b) 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) (a) According to the information and explanations given to us and the records of the company examined by us and on the basis of Report of the Other Auditors, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, 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 24371 lakhs pending as arrears pertaining to Provident Fund in the books of the company. Further a sum of Rs 57.13 lacs being arrears towards UP Trade Tax, which are not disputed and are outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the Report of the Other Auditors, statutory dues that have not been deposited with the appropriate authorities on account of any dispute are as follows:

Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
1.	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs.200.00 lakhs)	637.00	2003-2005	Custom Excise & Service Tax Appellate Tribunal
2.	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail. Stay extended ( net of pre deposit Rs.30.00 lakhs)	299.00	2006-2007	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 lakhs)	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.	Central Excise Act 1944	110%/115% demanded on transfer of purchased items to sister units	108.28	2007-2008	Custom Excise & Service Tax Appellate Tribunal
6.	UP VAT	Sales Tax	264.89	1986-1989	UP Government
7.	UP VAT	Sales Tax	15.32	1989-1996	UP Government
8.	Income Tax Act, 1961	Penalty/Additional fees For TDS	4.91	2008-2011	CPC (TDS)
9.	Finance Act, 1994	Service Tax	8435.14	2009-2010 to 2013-2014	Tribunal Allahabad
10.	Finance Act, 1994	Service Tax	1992.19	2009-2010 to 2013-14	Tribunal c

Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
11.	Central Sales Tax, 1956	Dem109109 and of Additional Tax against Form C	1013.98	2005-2006	Addl Commissioner, Appeals Commercial Tax, Allahabad
12.	Central Sales Tax, 1956	Demand of Additional Tax against Form C	2.64	2007-2008	Dy. Commissioner sector 14, Commercial Tax, Allahabad
13.	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-2009	Addl Commissioner, Appeals Commercial Tax, Allahabad
14.	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	7.48	2009-2010	Joint Commissioner, Commercial Tax, Allahabad
15.	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	60.57	2010-2011	Dy. Commissioner sector 14, Commercial Tax, Allahabad
16.	Central Sales Tax, 1956	Remand Order against appeal granted	10.96	2011-2012	Addl Commissioner, Appeals Commercial Tax, Allahabad
17.	Central Sales Tax, 1956	Remand Order against appeal granted	96.17	2012-2013	Dy. Commissioner sector 14, Commercial Tax, Allahabad
18.	Central Sales Tax, 1956 UP – VAT	Demand of Tax	86.75	2013-2014	Addl Commissioner( Appeals), Commercial Tax, Allahabad
19.	CST	Sales Tax	28.04	2001-2002	High Court, Eranakulam
20.	CST	Sales Tax	24.61	2005-2006	High Court, Eranakulam
21.	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
22.	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad
23.	CST	Sales Tax	504.13	2003-2004	KVAT – Appeal
24.	CST	Sales Tax	111.20	2013-2014	DC- Appeal
25.	CST	Sales Tax	13.25	2014-2015	DC- Appeal
26.	CST	Sales Tax	13.56	2015-2016	DC- Appeal
27.	CST	Sales Tax	250.00	2016-2017	DC- Appeal
28.	CST	Sales Tax	26.27	2017-2018	DC- Appeal
29.	VAT	Sales Tax	84.09	2012-2013	DC- Appeal
30.	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
31.	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
32.	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut
33.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
34.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
35.	Sales Tax Act	Sales Tax	504.23	2000-2001 2001-2002 2003-2004 2005-2006	Trade Tax Tribunal, Lucknow
36.	Sales Tax & Entry Tax Act	Sales Tax	228.71	1998-1999 2000-2005 2006-2009	Additional Commissioner (TradeTax) Lucknow



Sl. No.	Name of the statute	Nature of dues	Amount in Rs.Lakhs	Period to which the dispute relates	Forum where the dispute is pending
37.	Sales Tax Act	Sales Tax	0.93	2000-2001	Dy. Commissioner (Trade Tax) RBL
38.	Sales Tax	Sales Tax	195.64	2009-2013	Additional Commissioner (TradeTax ) Lucknow
39.	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	824.83	2008-2009 to 2017-2018	High Court of Karnataka
40.	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-2014	Commercial Tax Officer, Thirpunitihura
41.	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-2015	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
42.	Service Tax	Non payment of Service Tax on Royalty payments received	44.78	2012-2013 to 2014-2015	Commissioner of Central Excise
43.	KVAT	Turnover suppression	65.87	2012-2013	Dy Commr( Appeals) -Commercial Tax, Ernakulam
44.	Sales Tax	Sales Tax	733.36	1987-1988 to 1989-1990, 1996-1997, 1999-00, 2002-2003	High Court, J & K
		<b>Total</b>	<b>18161.78</b>		

- viii) According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or Government.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No.G S R 463(E) dated June 05, 2015.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv) The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For Sankaran & Krishnan**  
Chartered Accountants  
Firm Registration No: 003582S

**S.CHANDRAN**  
Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## 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 Consolidated accounts for the year 2018-19.**

Sl. 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.	<p>During the financial year 2018-19, 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.</p> <p>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</p>
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 5500 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 25.16 Crore has been utilised for CAPEX, Rs 24.81 Crore was utilised towards working capital purposes and the balance Rs 5.03 Crore is yet to be utilised.

**For Sankaran & Krishnan**  
Chartered Accountants  
Firm Registration No: 003582S

**S.Chandran**  
Partner  
Membership No: 8646

Place : New Delhi,  
Date : 11<sup>th</sup> October, 2019

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ITI LIMITED (STANDALONE) FOR THE YEAR ENDED 31 MARCH 2019

The preparation of Financial Statements of ITI Limited for the year ended 31<sup>st</sup> March, 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 11.10.2019 which supersedes their earlier Audit Report dated 29.05. 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of ITI Ltd. for the year ended 31<sup>st</sup> March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel, and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention, and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

### 1. Balance Sheet

#### Liabilities-Non-current Liabilities-

#### Others (Note no.15) ₹7,033.42 lakh

The above head is understated by ₹1,356.20 lakh due to non-inclusion of interest on loan from Government of India. The company has considered Loan from Government of India as Grant-In-Aid Revenue without receiving any response from the Government of India to its proposal. This has also resulted in understatement of cost of finance and overstatement of profits by the same amount.

### 2. Statement of Profit & Loss Accounts

#### Expenses

#### Depreciation and Amortisation expense (Note-29) - ₹ 3,709.16 lakh.

The above head is understated by ₹179.55 lakh due to the wrong classification of data processing assets (having useful life of 6 years) as plant and machinery (having useful life of 15 years). This has also resulted in overstatement of profits by the same amount.

### 3. General Comment

#### Non-reconciliation of receivables and payables between ITI and BSNL

ITI Ltd is showing ₹ 2900 lakh as trade receivable from BSNL as on 31.3.2019 whereas as per the books of BSNL, no amount is payable to ITI Ltd as on that date. Instead, it is showing ₹ 42.11 lakh as receivable from ITI Ltd. Hence, there is non-reconciliation between the accounts of ITI and BSNL.

### 4. Comment on Statutory Auditor

#### Non-performance of duties by the Statutory Auditor

The Statutory Auditor of ITI Ltd. M/s. Sankaran & Krishnan, appointed by CAG of India vide letter of appointment dated 14.08.2018, was entrusted with conducting the audit of the Corporate Office, consolidation of accounts and six ROs. However, the Statutory Auditor failed to carry out the audit of all the Regional Offices of ITI Ltd as required under the terms of appointment, to arrive at his conclusion at point no (b) Other Matters. The Statutory Auditor has instead relied upon the unaudited financial statements furnished by the Management in case of six ROs. The Statutory Auditor was able to provide sufficient documentation in respect of Chennai and Bangaluru ROs only. The details provided in respect of other ROs left unaudited do not provide sufficient assurance. Thus, he failed to carry out the responsibilities entrusted to him in terms of his appointment under Section 139 of the Companies Act 2013 for the financial year 2018-19.

As a result of the comments of the Comptroller and Auditor General of India under section 143(6) (b) of the companies act, 2013 on the financial statements of ITI Limited for the year ended 31 March 2019, there is overstatement of profit by ₹1,535.75 Lakh.

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

Place : Delhi  
Date : 14<sup>th</sup> November, 2019

(Manish Kumar)  
Principal Director of Audit (P&T)

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129 (4) OF THE COMPANIES' ACT 2013, ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ITI LIMITED FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of Consolidated Financial Statements of ITI Limited for the year ended 31<sup>st</sup> March, 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 11.10.2019 which supersedes their earlier Audit Report dated 29.05. 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Consolidated Financial Statements of ITI Ltd. for the year ended 31<sup>st</sup> March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statement of ITI Ltd., but did not conduct supplementary audit of the financial statements of India Satcom Limited (jointly controlled entities) for the year on that date. **Further, section 139(5) and 143 (6) (a) of the Act are not applicable to India Satcom Limited being a private entity, under the respective laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company.** This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel, and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

### **1. Balance Sheet**

#### **Liabilities-Non-current Liabilities-**

#### **Others (Note no.15) ₹7,033.42 lakh**

The above head is understated by ₹1,356.20 lakh due to non-inclusion of interest on loan from Government of India. The company has considered Loan from Government of India as Grant-In-Aid Revenue without receiving any response from the Government of India to its proposal. This has also resulted in understatement of cost of finance and overstatement of profits by the same amount.

### **2. Statement of Profit & Loss Accounts**

#### **Expenses**

#### **Depreciation and Amortisation expense (Note-29) - ₹3,709.16 lakh.**

The above head is understated by ₹179.55 lakh due to the wrong classification of data processing assets (having useful life of 6 years) as plant and machinery (having useful life of 15 years). This has also resulted in overstatement of profits by the same amount.

### **3. General Comment**

#### **Non-reconciliation of receivables and payables between ITI and BSNL**

ITI Ltd is showing ₹ 2900 lakh as trade receivable from BSNL as on 31.3.2019 whereas as per the books of BSNL, no amount is payable to ITI Ltd as on that date. Instead, it is showing ₹42.11 lakh as receivable from ITI Ltd. Hence, there is non-reconciliation between the accounts of ITI and BSNL.

### **4. Comment on Statutory Auditor**

#### **Non-performance of duties by the Statutory Auditor**

The Statutory Auditor of ITI Ltd. M/s. Sankaran & Krishnan, appointed by CAG of India vide letter of appointment dated 14.08.2018, was entrusted with conducting the audit of the Corporate Office, consolidation of accounts and six ROs. However, the Statutory Auditor failed to carry out the audit of all the Regional Offices of ITI Ltd as required under the terms of appointment, to arrive at his conclusion at point no (b) Other Matters. The Statutory Auditor has instead relied upon the unaudited financial statements furnished by the Management in case of six ROs. The Statutory Auditor was able to provide sufficient documentation in respect of Chennai and Bangaluru ROs only. The details provided in respect of other ROs left unaudited do not provide sufficient assurance. Thus, he failed to carry out the responsibilities entrusted to him in terms of his appointment under Section 139 of the Companies Act 2013 for the financial year 2018-19.

As a result of the comments of the Comptroller and Auditor General of India under section 143(6) (b) of the companies act, 2013 on the financial statements of ITI Limited for the year ended 31 March 2019, there is overstatement of profit by ₹1,535.75 Lakh.

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

Place : Delhi

Date : 14<sup>th</sup> November, 2019

(Manish Kumar)

Principal Director of Audit (P&T)



## ADDENDUM TO THE DIRECTOR'S REPORT (Standalone)

### Comments of C & AG

#### 1. Balance Sheet

##### **Liabilities-Non-Current liabilities-**

##### **Others (Note no. 15) Rs.7,033.42 Lakhs**

The above head is under stated by Rs.1356.20 Lakhs due to non-inclusion of interest on loan from Government of India. The company has considered loan from Government of India as Grant in Aid Revenue without receiving any response from the Government of India to its proposal. This has also resulted in understatement of cost of finance and overstatement of profits by the same amount.

##### Company's Reply

As per Order of DoT the loan received from DoT was repayable in 5 years after the company starts earning profits with a moratorium period of two years with interest of 1% p.a. The company was making provision for interest payment from 2014-15 onwards. However, the company made actual Net Profit of Rs. 98 crores & Rs. 93 crores without Grant-in-Aid during FY 2017-18 & FY 2018-19 respectively as per IndAS. The moratorium period of 2 years ends as on 31.03.2019. The loan repayment will start from FY 2019-20 onwards along with 1% interest. Accordingly, the provision for interest made during the previous years was reversed during 2018-19 and the same is in order.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 2. Statement of Profit and Loss Accounts Expenses

##### **Depreciation and Amortization expense ( Note No-29)-Rs.3709.16 Lakh**

The above head is understated by Rs.179.55 Lakh due to the wrong classification of data processing assets (having useful life of 6 years) as plant and machinery (having useful life of 15 years). This has also resulted in overstatement of profits by the same amount.

##### Company's Reply

We wish to state that as per Schedule II of Companies Act, 2013 the useful life of the assets viz "computers & Data processing Units" (Servers & Network) is 6 years.

These data processing Units are classified under HSN code 8471 "Automatic Data Processing Machines and Units".) whereas the Assets purchased for Data Centre are for Industrial applications and are falling under category HSN Code Viz 8517 "Electrical Machinery" like Chillers, Static Converters/UPS, Network Components for Data Centre –Others and Parts of Other Electric Power Machinery Hence we would like to reiterate that the classification of the assets is in order.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 3. General Comment

##### **Non-reconciliation of receivables and payables between ITI and BSNL**

ITI Ltd is showing Rs. 2900 Lakh as trade receivables from BSNL as on 31.03.2019 whereas as per the books of BSNL, no amount is payable to ITI Ltd as on that date. Instead, it is showing Rs. 42.11 lakh as receivable from ITI Ltd. Hence, there is non-reconciliation between the accounts of ITI and BSNL.

##### Company's Reply

ITI has provided details of Rs. 1546 crs, circle wise receivable from BSNL to P & T Audit on 01.10.2019. Subsequently letter has been written to BSNL –CMD by ITI-

CMD providing invoice wise, year wise and circle wise details. The reconciliation of the receivables and payable between ITI and BSNL was discussed in length in the P & T Audit meeting held on 01.10.2019. Based on the details given by ITI the circle wise P & T Audit Offices will be informed and BSNL records will be pursued based on the data provided by ITI.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 4. Comment on Statutory Auditor

##### **Non-Performance of duties by the Statutory Auditor**

The Statutory Auditor of ITI Ltd. M/s. Sankaran & Krishnan, appointed by CAG of India vide letter of appointment dated 14-08-2018, was entrusted with conducting the audit of the Corporate Office, consolidation of accounts and six ROs. However, the Statutory Auditor failed to carry out the audit of all the Regional Offices of ITI Ltd as required under the terms of appointment, to arrive at his conclusion at point no (b) Other Matters. The Statutory Auditor has instead relied upon the unaudited financial statements furnished by the Management in case of six ROs. The Statutory Auditor was able to provide sufficient documentation in respect of Chennai and Bengaluru ROs only, The details provided in respect of other ROs left unaudited do not provide sufficient assurance. Thus, he failed to carry out the responsibilities entrusted to him in terms of his appointment under Section 139 of the Companies Act 2013 for the financial Year 2018-19.

##### Company's Reply

M/s. Sankaran & Krishnan, Statutory Auditors of ITI Limited conducted the Audit for the year ended 31.03.2019 of Bangalore Plant, Network Systems (NS) Unit, Corporate Office, and Consolidation of accounts. The reports from the Branch Auditors of the units viz., Rae Bareli, Naini, Mankapur and Srinagar were considered in finalizing the accounts. As regards 8 ROs, we confirm that there are well placed internal controls and internal audit at regional offices and the financial statements are thoroughly checked at both regional and corporate level. The Statutory auditors have audited the accounts of two Regional Offices viz., Chennai and Bangalore. As regards the other 6 ROs, viz., Hyderabad, Delhi, Lucknow, Mumbai, Kolkata and Bhubaneswar, the financial statements were scrutinized by the Statutory Auditors by verifying the high value sales & purchase transactions, review of major heads of accounts, bank reconciliation, statutory compliances, contingent liabilities etc., and the auditor's observations were discussed with the Management and deliberated by Audit Committee, before finalizing their Report. Hence, we hereby confirm that the assurance level of the reliability and accuracy of the financial statements of the 6 Regional Offices certified by the Management is sufficient and reliable. Please refer to the para (b) of "Other matters" of auditors' report for the auditors' comments.

We wish to add that with respect to the accounts of Regional Offices this practice of reliance on the annual financial statements certified by the Management has been consistently followed by the Statutory Auditors in the earlier years also.

In this background, we are of the opinion that, the Statutory Auditors have performed their duties with reference to the Audit of Regional Offices of ITI for the year ended 31.03.2019.

We wish to add that, from the year ended 31.03.2020 onwards, the Statutory Auditors will audit the accounts of all the Regional Offices before finalizing the accounts for the Company."

## ADDENDUM TO THE DIRECTOR'S REPORT (Consolidated)

### Comments of C & AG

#### 1. Balance Sheet

##### **Liabilities-Non-Current liabilities-**

##### **Others (Note no. 15) Rs.7,033.42 Lakhs**

The above head is under stated by Rs.1356.20 Lakhs due to non-inclusion of interest on loan from Government of India. The company has considered loan from Government of India as Grant in Aid Revenue without receiving any response from the Government of India to its proposal. This has also resulted in understatement of cost of finance and overstatement of profits by the same amount.

##### **Company's Reply**

As per Order of DoT the loan received from DoT was repayable in 5 years after the company starts earning profits with a moratorium period of two years with interest of 1% p.a. The company was making provision for interest payment from 2014-15 onwards. However, the company made actual Net Profit of Rs. 98 crores & Rs. 93 crores without Grant-in-Aid during FY 2017-18 & FY 2018-19 respectively as per IndAS. The moratorium period of 2 years ends as on 31.03.2019. The loan repayment will start from FY 2019-20 onwards along with 1% interest. Accordingly, the provision for interest made during the previous years was reversed during 2018-19 and the same is in order.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 2. Statement of Profit and Loss Accounts Expenses

##### **Depreciation and Amortization expense ( Note No-29)-Rs.3709.16 Lakh**

The above head is understated by Rs.179.55 Lakh due to the wrong classification of data processing assets (having useful life of 6 years) as plant and machinery (having useful life of 15 years). This has also resulted in overstatement of profits by the same amount.

##### **Company's Reply**

We wish to state that as per Schedule II of Companies Act, 2013 the useful life of the assets viz "computers & Data processing Units" (Servers & Network) is 6 years.

These data processing Units are classified under HSN code 8471 "Automatic Data Processing Machines and Units".) whereas the Assets purchased for Data Centre are for Industrial applications and are falling under category HSN Code Viz 8517 "Electrical Machinery" like Chillers, Static Converters/UPS, Network Components for Data Centre –Others and Parts of Other Electric Power Machinery Hence we would like to reiterate that the classification of the assets is in order.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 3. General Comment

##### **Non-reconciliation of receivables and payables between ITI and BSNL**

ITI Ltd is showing Rs. 2900 Lakh as trade receivables from BSNL as on 31.03.2019 whereas as per the books of BSNL, no amount is payable to ITI Ltd as on that date. Instead, it is showing Rs. 42.11 lakh as receivable from ITI Ltd. Hence, there is non-reconciliation between the accounts of ITI and BSNL.

##### **Company's Reply**

ITI has provided details of Rs. 1546 crs, circle wise receivable from BSNL to P & T Audit on 01.10.2019. Subsequently letter has been written to BSNL –CMD by ITI-

CMD providing invoice wise, year wise and circle wise details. The reconciliation of the receivables and payable between ITI and BSNL was discussed in length in the P & T Audit meeting held on 01.10.2019. Based on the details given by ITI the circle wise P & T Audit Offices will be informed and BSNL records will be pursued based on the data provided by ITI.

In view of the above the query may please be dropped.

### Comments of C & AG

#### 4. Comment on Statutory Auditor

##### **Non-Performance of duties by the Statutory Auditor**

The Statutory Auditor of ITI Ltd. M/s. Sankaran & Krishnan, appointed by CAG of India vide letter of appointment dated 14-08-2018, was entrusted with conducting the audit of the Corporate Office, consolidation of accounts and six ROs. However, the Statutory Auditor failed to carry out the audit of all the Regional Offices of ITI Ltd as required under the terms of appointment, to arrive at his conclusion at point no (b) Other Matters. The Statutory Auditor has instead relied upon the unaudited financial statements furnished by the Management in case of six ROs. The Statutory Auditor was able to provide sufficient documentation in respect of Chennai and Bengaluru ROs only, The details provided in respect of other ROs left unaudited do not provide sufficient assurance. Thus, he failed to carry out the responsibilities entrusted to him in terms of his appointment under Section 139 of the Companies Act 2013 for the financial Year 2018-19.

##### **Company's Reply**

M/s. Sankaran & Krishnan, Statutory Auditors of ITI Limited conducted the Audit for the year ended 31.03.2019 of Bangalore Plant, Network Systems (NS) Unit, Corporate Office, and Consolidation of accounts. The reports from the Branch Auditors of the units viz., Rae Bareli, Naini, Mankapur and Srinagar were considered in finalizing the accounts. As regards 8 ROs, we confirm that there are well placed internal controls and internal audit at regional offices and the financial statements are thoroughly checked at both regional and corporate level. The Statutory auditors have audited the accounts of two Regional Offices viz., Chennai and Bangalore. As regards the other 6 ROs, viz., Hyderabad, Delhi, Lucknow, Mumbai, Kolkata and Bhubaneswar, the financial statements were scrutinized by the Statutory Auditors by verifying the high value sales & purchase transactions, review of major heads of accounts, bank reconciliation, statutory compliances, contingent liabilities etc., and the auditor's observations were discussed with the Management and deliberated by Audit Committee, before finalizing their Report. Hence, we hereby confirm that the assurance level of the reliability and accuracy of the financial statements of the 6 Regional Offices certified by the Management is sufficient and reliable. Please refer to the para (b) of "Other matters" of auditors' report for the auditors' comments.

We wish to add that with respect to the accounts of Regional Offices this practice of reliance on the annual financial statements certified by the Management has been consistently followed by the Statutory Auditors in the earlier years also.

In this background, we are of the opinion that, the Statutory Auditors have performed their duties with reference to the Audit of Regional Offices of ITI for the year ended 31.03.2019.

We wish to add that, from the year ended 31.03.2020 onwards, the Statutory Auditors will audit the accounts of all the Regional Offices before finalizing the accounts for the Company."

# ITI

## PROXY FORM

### Form No MGT- 11

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

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

Name of Member(s)	:	.....
Registered address	:	.....
Email_id	:	.....
Folio No/Client Id	:	.....
DP ID	:	.....

I/ We being the member of ....., holding.....shares, hereby appoint

- Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email\_id : \_\_\_\_\_

Signature : \_\_\_\_\_, or failing him
- Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email\_id : \_\_\_\_\_

Signature : \_\_\_\_\_, or failing him
- Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email\_id : \_\_\_\_\_

Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 69<sup>th</sup> Annual General Meeting of members of the Company, to be held at 11.30 am on 27<sup>th</sup> December 2019 at ITI Officers Club – New Wing, ITI Township, “A” area, Doorvani Nagar, Bengaluru – 560 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

SI No	Resolution(s)
1	Adoption of the audited financial statements for the year ended 31.03.2019 and the Reports of the Board of Directors and Auditors thereon
2	Fixation of remuneration of Statutory and Branch Auditor
3	Appointment of Shri Shashi Prakash Gupta as Director- Human Resources
4	Re-appointment of Shri Saday Krishna Kanoria as Independent Director.
5	Appointment of Lt Gen Rajeev Sabherwal as Government Nominee Director
6	Appointment of Shri Rakesh Mohan Agarwal as Chairman and Managing Director
7	Appointment of Shri D. Venkateswarlu as Director- Production
8	Ratification of remuneration payable to the Cost Auditors

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature of shareholder (s): \_\_\_\_\_

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

Affix  
1 Rupee  
Revenue  
Stamp

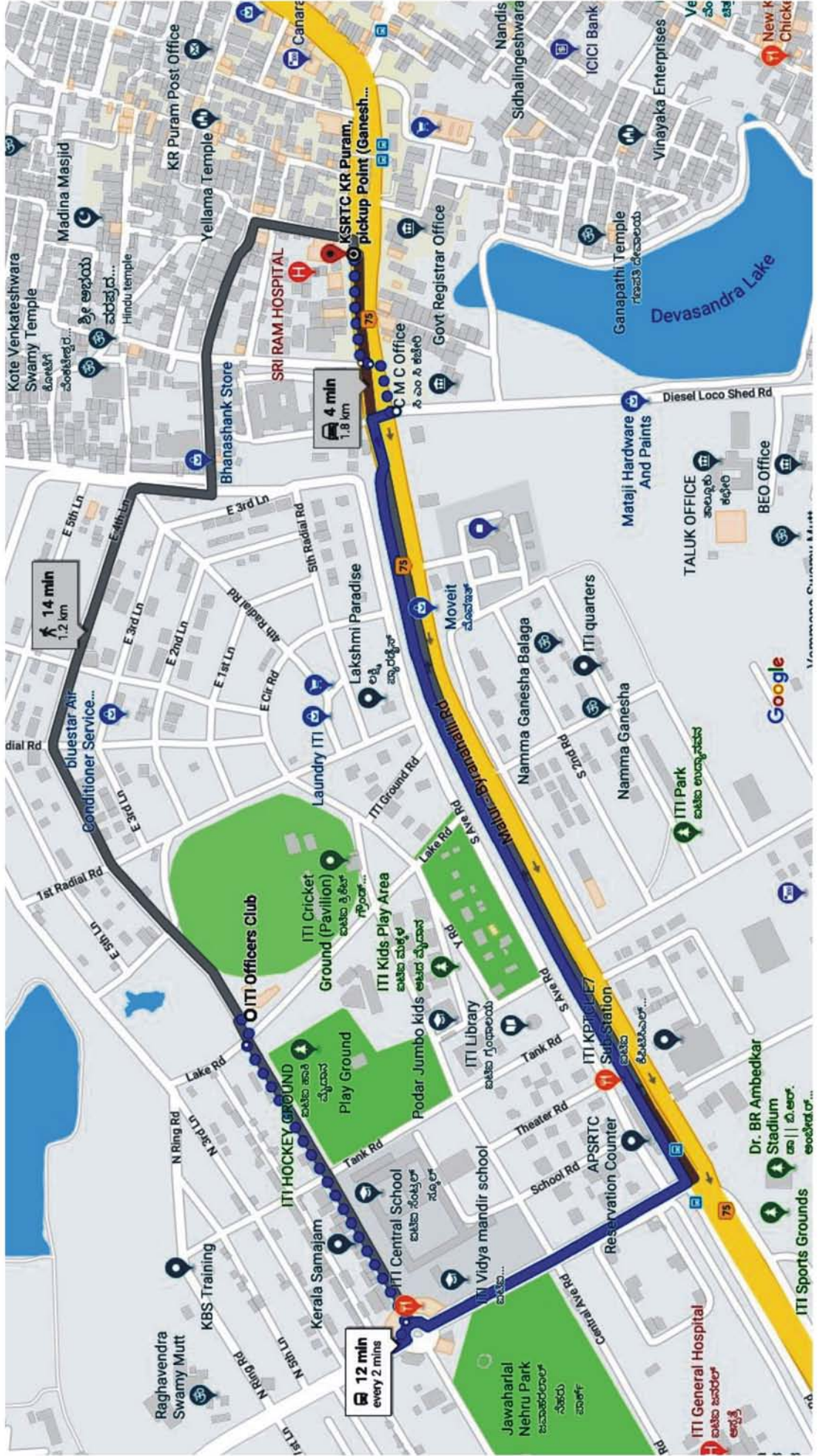
Notes:

The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.



# Route Map

For 69<sup>th</sup> Annual General Meeting of ITI Limited on 27<sup>th</sup> December 2019 at 11.30 am  
at ITI Officers Club – New Wing, ITI Township, "A" area,  
Doorvani Nagar, Bengaluru – 560 016







# ITI LIMITED

(A Government of India Undertaking)

CIN :L32202KA1950GOI000640

Registered & Corporate Office :

ITI Bhavan, Dooravaninagar, Bengaluru - 560 016, Karnataka, India.

Ph.: +91(80) 25614466, Fax: +91(80) 25617525.

Email: [cosecy\\_crp@itild.co.in](mailto:cosecy_crp@itild.co.in) | Website: <http://www.itild-india.com>